Bigger Picture

2019 Sustainability Report
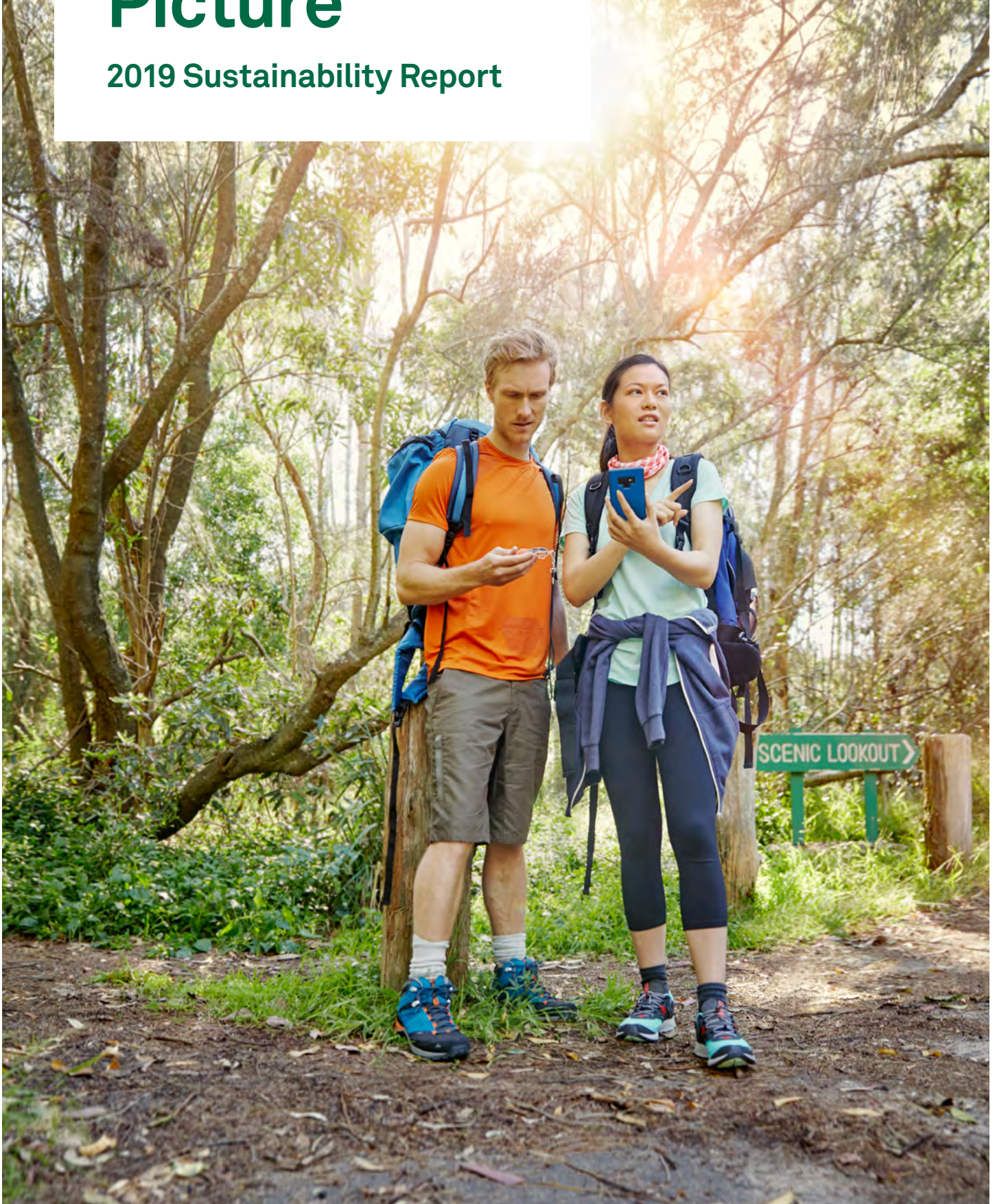
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For more information about our sustainability approach and performance, as well as access to our Sustainability Report 2019 Data Pack and additional downloads, please visit our sustainability reporting website.

Message from our Chairman and CEO

Keeping the connection

Telstra traces its origins back more than 100 years and our focus all along has been to connect Australians to each other and the world using the best technology available. That focus has not changed but the world has and we are changing too – faster and more profoundly than we ever have before.

Change at this scale and at this pace brings special challenges, particularly for large, incumbent companies like Telstra. Legacy systems, legacy processes, legacy thinking are all burdens that must be shed in a world where success is defined by agility, simplicity and the ability to respond quickly to changing customer expectations. Telstra's strategy to face squarely into these challenges – to disrupt ourselves before we are disrupted by others – is called T22 and launched in June 2018. One year on, we have made good progress and generated significant momentum in what is a three-year change program.

Through all of this though we have not lost sight of the bigger picture or our responsibility for managing our environmental and social impacts. We know these are important considerations for our customers, our suppliers, our people and our shareholders and that is why – even as Telstra fundamentally changes - we continually look for opportunities to make a difference through digital inclusion, resource efficiency and environmental solutions.

T22 – reimagining Telstra for the future

T22 means transforming our products and services to deliver simpler, more flexible products, eliminate customer pain points and create a great digital experience. We have listened to our customers and radically simplified our products, moving from 1,800 fixed and mobile plans to just 20, removing excess data charges, with no lock-in contracts and fully customisable plans.

We've also radically changed the way we do business and make decisions, putting accountability for decision-making closer to our customers and placing the needs of our customers at the heart of where we focus our energy and our investment.

Transformation at this scale is not easy. It has meant difficult decisions have had to be made, including decisions that affected our people and their families. But we believe the risk of not changing is far greater and we are on the right path to deliver on our purpose: to build a connected future so everyone can thrive.

We understand the importance of including all Australians in that future. While we have left many aspects of our legacy behind, we remain committed to supporting our communities, including regional Australians and our vulnerable customers. We recognise there have been times this year when we have not met the expectations of our customers and the community

and for this we sincerely apologise. Despite our best efforts and intentions, unfortunately we do not always meet the high standards our customers, our communities and the nation expect of us. We will keep listening, learning, investing and innovating to continue to earn the trust that millions of Australians place in us every day.

Our Sustainability Strategy is key to our success and focused on the issues most material for our business, the areas where we have the expertise to make a meaningful contribution, and where we see opportunities to use innovative, tech-based solutions to address major societal challenges. We want everybody to thrive in a digital world and are focused on helping our customers - and society more broadly - adapt to technological change and the opportunities it brings.

Responsible business

This past year the Australian corporate landscape has undergone a seismic readjustment as stakeholders – whether it be customers, regulators or investors – have publicly reminded large companies of the value they place on being transparent, ethical and accountable. At Telstra, we are committed to our values, mindset and behaviours, particularly in this time of significant organisational and societal change. We take seriously our duty to operate our business responsibly and strive to maintain a strong, values-based culture.

The roll-out of T22 has created significant structural changes. In FY19 we announced around 75 per cent of the net 8,000 role reductions necessary to adapt our business to our rapidly-changing markets. The remaining reductions over the next two years will largely be driven by discontinued activities as a result of nbn™ migrations, decreased contact centre volumes and automated processes. While some jobs are being lost, we are also building new capabilities by recruiting 1,500 new roles in areas such as software engineering, data analytics and cyber-security.

Recognising the challenges presented by changes to our workforce we put new programs in place this year, including a Transitions Program to provide enhanced outplacement support for those leaving us. Additional training is also underway to upskill team members to work in a leaner and more agile organisation. To support these programs initial funding of up to $50 million was made available. We thank all our people – those remaining and those who have left - for their contributions during the year.

Digital futures

As digital technologies play an increasingly central role in our lives, there remains a significant gap between those who are connected and those who are not. In FY19 we focused on consolidating the gains made over recent years to increase digital inclusion and ensure our new suite of products and services enhances this.

This year we helped around one million vulnerable customers to stay connected and trained almost 36,000 people through our digital capability programs.

We also continued to strengthen our network coverage across Australia. Of the $8 billion invested in our networks since 2016, more than $3 billion has been invested in regional Australia. While this is significant, we remain acutely aware that many smaller communities do not enjoy the connectivity benefits enjoyed by those in metropolitan areas.

Delivering more connectivity and better networks in these locations is no easy thing, particularly in a country as large and as sparsely populated as Australia. But Telstra is making every effort to lead the way. Of the 1,000 towers erected under the Federal Government's Blackspot program, 800 have been erected by Telstra, four times more than the rest of the industry combined. In addition, we have pioneered the use of new and more affordable technologies like satellite small cells, mobile boosters to increase coverage on the road, and introducing co-investment capital solutions.

We will not be able to connect every last person in the country, but our commitment is to listen, work cooperatively with councils and other stakeholders, and do our absolute best to bridge the gap between town and country better than anyone else.

Our investment has also positioned Telstra as a world leader in 5G, the next generation of mobile telecommunications technology. 5G opens the door to the widespread use of new technologies like the Internet of Things and virtual reality and this year we delivered on our commitment to be the first company in Australia to begin rolling out a commercial 5G network for our customers.

Environmental solutions

We are committed to managing our environmental impacts and helping our customers and communities to do the same.

We accept our responsibility to help facilitate low-carbon growth, to minimise our emissions, and to improve community resilience to a changing climate. We've invested $4.7 million in improving the energy efficiency of our facilities, as well as developed a cloud calculator tool to assist customers reduce

their carbon emissions through the use of cloud technology. These are just some of the reasons why we were recognised by CDP (formerly the Carbon Disclosure Project) on the 2018 Climate A-list as one of only three Australian companies to receive an A-rating.

In terms of operational efficiency, this year we achieved a 40 per cent reduction in our carbon emissions intensity and collected 15.5 tonnes of customer mobile phones and accessories for recycling.

Transforming Telstra

While T22 represents a bold new strategy for Telstra we remain committed to the core values that drive our business. To underscore that we remain a proud supporter of the United Nations Sustainable Development Goals (SDGs) and continue to make progress against our SDG commitments this year. Many of our achievements this year wouldn't be possible without the strong partnerships we have forged with governments, business partners and non-profit organisations. We are also a signatory to the United Nations Global Compact and remain committed to supporting its principles – on human rights, labour rights, environment and anti-corruption – wherever we operate.

This has been a challenging year but even as T22 reshapes Telstra for the future we remain focused not just on what we do, but how we do it. We hope you enjoy reading our Bigger Picture 2019 Sustainability Report and welcome your feedback.

Andrew R Penn
CEO and Managing Director

John P Mullen
Chairman

FY19 highlights

$27,807m[1]
Total income

$2,149m
Net profit after tax

Episode Net Promoter Score up

6 points

from last year

31%
female representation

67%
sustainable engagement
score achieved

40%
reduction in our emissions intensity
from a baseline year of FY17

20
simplified plans in-market,
replacing 1,800

Around 1m
vulnerable customers
helped to stay connected

36,000
people trained through
our digital capability programs

2,986
tonnes of e-waste collected
with a recycling rate of 99.97%

$110.3m
of value through our social and
community investment programs

[1] Excluding finance income

About Telstra

Telstra is Australia's leading telecommunications and technology company.

Our world-leading networks cover 99.5 per cent of the Australian population, and we facilitate over 2,000 network points of presence in more than 200 countries and territories around the world.

We have a diverse range of customers including consumers, small business, large enterprises and government organisations.

We bring innovative and intuitive products and services to market, and offer a broad suite of media, content and connectivity options in Australia, as well as connectivity and enterprise services globally.

For more information about our business structure and strategy, please refer to our 2019 Annual Report.

One of Australia's largest shareholder bases, with around
1.3 million
shareholders

350
retail stores around Australia

1.4 million
standalone voice customers

3.7 million
retail bundles and standalone fixed data services

18.3 million
domestic mobile retail customer services

50 million
voice calls

2.8 petabytes
of data are carried over our mobile network each day

Mobile networks covering
99.5%
of Australia's population

More than
400,000km
of subsea cable

facilitating over
2,000
network points of presence across the globe

Our changing world

Technological disruption is fundamentally changing the way the world works. Businesses and communities are creating and responding to shifts that would have seemed unimaginable even a few years ago. Telstra's products and services play a central role in the daily lives of millions of people, and technologies such as ultrafast 5G mobile, artificial intelligence, software-defined networking, and the Internet of Things (IoT) are transforming markets and redefining the future of work.

The pace of change and innovation is having a transformative effect. Most people today have access to more content and information at the touch of a button than previous generations did in a lifetime. While technology is revolutionising access to education, healthcare and financial services for millions of people, it is also raising important questions about consumer privacy, the ethical implications of emerging technologies and the future of work. These questions make it more important than ever that we deliver our products and services responsibly, and champion their responsible use. As a leading telecommunications company, we have a particular responsibility to help bridge the digital divide.

Increasing stakeholder expectations, coupled with a declining trust in business means the relationship between business and society is changing.

Our operations and the way our workforce performs are also fundamentally changing as a result of new technologies and business processes. Customer expectations continue to grow and diversify in line with technological advances, and rapid changes in IT systems, data access and privacy regulation are all creating a more challenging market. We need to continue to invest today to handle the demands of the future.

Competitive dynamics are also shifting, with many players in the mobile space catering to a diverse range of customer segments. The continued rollout of the nbn is further altering our place in Australia's fixed service market, where we are moving from being a network operator to one of many retailers competing in a lower-margin environment.

In the face of this rapidly-evolving competitive environment we must radically reimagine our business to maintain our position as Australia's leading telecommunications provider. Our T22 strategy is our plan to do this. We are well positioned to leverage our brand and reputation, a growing customer base, world-leading networks, and cutting-edge technologies to help us to achieve our purpose to build a connected future so everyone can thrive.

For more information on our progress in implementing our T22 strategy, please refer to our 2019 Annual Report.

Our customers

We operate in an environment of constant technological change and disruption. Our customers want to be able to access the best products and services when and where they need them.

T22 is our roadmap to deliver what our customers want. It's a three year strategy to radically simplify our products and services; improve and digitise the experience for our customers; and simplify how we work so it is easier for our people to deliver great service. By doing this we are transforming Telstra. We are becoming a company that is easy to interact with, that offers great service and provides easy-to-understand and flexible products, all supported by Australia's largest and most reliable mobile network and world-class technology to deliver a market-leading customer experience.

More flexibility, greater personalisation

We know our customers lives are busier and more prone to change than they have ever have been. This has changed what people come to expect of their products and services. Our new plans are responding to this, providing customers with greater freedom, transparency and flexibility.

Our customers can now customise their Telstra fixed and mobile products to suit their lifestyle. We've also radically simplified our product offering: in FY19 we reduced the number of plans in market from 1,800 to 20.

In February 2019 we announced the end of lock-in contracts for home broadband services. Our new home broadband plans reflect our commitment to introduce flexible plans, giving our customers the choice to add the options they value to their service. We've also made home broadband less complicated, by reducing our previous range of bundled offerings down to two core plans: a $70 per month Essential plan and a $90 per month Unlimited plan. Customers have the freedom to upgrade or downgrade their plan range on a monthly basis and those who want more can add more by personalising their home broadband plan by choosing from a range of add-ons.

In June 2019 we introduced no lock-in plans for mobile services as well as the ability to personalise plans with the extras customers want to build the perfect package. Excess data charges are also a thing of the past since we introduced no excess data charges in Australia on new mobile plans. Our customers can now tailor their plans and experiences, only paying for the extras they want or need. This might mean upgrading to a plan with more data around school holidays, adding a sport package for footy finals season, adding international data for that overseas holiday or, for our business customers, scaling their plan with the peaks and flows of their business. Customers can also build personalised services by adding their choice of the latest devices, entertainment, sport and accessories, and pay for these monthly; they just need to pay out their device if they want to leave early.

Australia's best mobile network

In this digital age, our customers are more reliant than ever before on the breadth, speed and reliability of our network. We are investing billions of dollars each year to deliver Australia's best mobile network, which reaches 99.5 per cent of the Australian population and has faster speeds in more places. For more information on our network investments and performance, see the Networks section of this report.

Making business simpler

We are also working to improve the Telstra experience for our business customers.

We radically changed the way we interact with our large Enterprise customers through the introduction of a new, digitised platform. This provides a single view of the customer, and a single source of truth for sales teams across Telstra Enterprise, to drive better collaboration and the right customer conversations. Team members can focus, gain context and intelligence while working on their customer accounts. These platforms deliver on our digitisation commitment of creating brilliant digital experiences and enabling us to significantly improve our responsiveness.

Our small business customers told us how important trusted service and simpler, easier-to-understand products are to them. In response:

- We now have unlimited data as standard on all our Business Bundles. That's with the added reliability of mobile backup on our 4G network via our Business Smart Modem, as well as add-on features such as extra devices, SIMs and solutions.

- We introduced the Telstra Business nbn Connection Kit (Self Install Kit), providing eligible customers with a simple way to self-install their Telstra Business nbn single-line Voice and Broadband Service.

- We introduced a 24/7 tech advice and support service called Telstra Platinum for Business, a new way for business owners to take the pressure off having to employ, or in most cases, be their own IT experts. The on-call IT team can help advise on, install and set-up new technology as well as support and troubleshoot a wide range of tech and ICT services. This may include hardware, software, apps, cloud or payment services, whether they be from Telstra or other providers. It's available on a monthly subscription basis.

- We have tripled the number of small business specialists in all our retail stores around the country to 3,000, putting more experts on the ground where small business customers need them.

- At the same time, we've also increased the number of small business specialists in our contact centres and for the first time, we now have small business specialists available on Live Chat at telstra.com.

- We officially launched a new national premium ICT channel for small business customers. Called Telstra Business Technology Centres, they operate across 28 regions and are run by expert teams from our existing channel partners.

Customer loyalty and advocacy

We measure customer experience using the Net Promoter Score (NPS) system. NPS enables us to measure our customers' experiences and respond to their feedback. We measure NPS in two ways: Strategic NPS and Episode NPS. Strategic NPS is a measure that obtains customer feedback on their overall perceptions of and experiences with Telstra, and is relative to experiences they have with other organisations including competitors. Episode NPS directly measures feedback from customers in relation to a specific service experience our customers have with Telstra, such as moving home or connecting a service.

In a year of transformation and change both our Strategic and Episode measures for our Consumer and Small Business segments surpassed their FY19 targets. These changes are underpinned by company-wide improvement programs focused on improving our operational excellence by identifying and eliminating the causes of unnecessary customer effort, increasing the value and innovation that our customers receive in our products. These programs have delivered our strongest ever Consumer and Small Business NPS results.

NPS for our Enterprise segment reflects our transition to a new service model, particularly for the mid-market segment, with both Strategic and Episode NPS missing the FY19 target. Reflecting the importance of this segment to both Telstra and the Australian economy, a new Enterprise Customer Experience improvement program is being established for FY20. This program will focus on improving operational excellence, product innovation and customer intimacy for all our Enterprise customers, including our large Enterprise and Government customers.

When combined, these results translate to a whole-of-company outcome of Strategic NPS improving by three points and Episode NPS improving by six points. Our Remuneration Report, which forms part of the 2019 Annual Report provides further detail on how this translates into remuneration outcomes.

This year, we launched Telstra Plus, our new loyalty program that rewards customers for having their products and services with Telstra. Customers earn points for every dollar spent on their Telstra bill and can redeem these against great tech, as well as getting access to exclusive benefits. Early NPS data suggests that customers who are members of Telstra Plus are significantly more likely to recommend us (+17 against -8).

Product responsibility

It is important that we provide our customers with services they can trust, and products that are safe and easy to understand.

For information about our approach to product responsibility see the Product responsibility section of this report.

Contributing to the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) comprise 17 goals and 169 targets aimed at addressing the world's most significant development challenges. Working with government and civil society, businesses have an important role to play in achieving these goals.

At Telstra we see technology as an enabler of action on the SDGs. This is reflected in the focus of our Sustainability Strategy.

Our strategy is aimed at helping people to thrive in a digital world. It includes initiatives and targets to address our impacts and opportunities in relation to the four priority SDGs listed to the right. Our SDG priorities reflect the areas we believe Telstra is best placed to contribute to, given our role as a major Australian employer and a leading telecommunications and technology company.

For more information on how our SDG priorities are reflected in our Sustainability Strategy, our FY19 performance highlights, and the stages across our value chain where we can make the greatest impact, please see our sustainability reporting website.

Timeline of SDG action

2016

We undertook an assessment to determine which SDGs best reflect our business context and strategy, our ICT capabilities, as well as our key risks and impacts across our value chain. We identified four priority SDGs for Telstra to contribute towards.

2017

We developed and launched our Sustainability Strategy, incorporating initiatives and targets linked to our four priority SDGs.

2018

First year of reporting on our progress against our Strategy targets.

2019

Second year of reporting on our progress against our Strategy targets. For more information on how these targets align to our four priority SDGs, see our FY19 performance table.

Priority goals

5 GENDER EQUALITY

We are committed to achieving gender equality at Telstra and have implemented a range of policies, programs and engagement initiatives to help us achieve this goal. Telstra is also a signatory to the UN Women's Empowerment Principles.

8 DECENT WORK AND ECONOMIC GROWTH

In the midst of organisational change, we remain committed to providing meaningful and productive work. This commitment extends across our value chain and into developing the skills we will require in the future. Our approach focuses on living our values and includes building a diverse and inclusive workforce that reflects our customers and the countries in which we operate. It is underpinned by our commitment to work to eradicate modern slavery and protect labour rights. It includes supporting future generations of digital innovators and problem solvers build STEAM (Science, Technology, Engineering, the Arts and Mathematics) capability.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We believe that the more connected people are, the more opportunities they have. We are making significant investments in our network infrastructure to extend our coverage across rural and regional Australia, improve network resilience, and ensure we are able to meet the rising demand for data and content, including through the rollout of commercial 5G services, while also minimising our environmental impacts. We also help around one million vulnerable customers each year to stay connected, and help our communities to build digital skills and capabilities, through our Everyone Connected programs.

13 CLIMATE ACTION

We believe businesses, and technology companies in particular, have a critical role to play in assisting our customers, and society more generally, to move towards a low carbon future and become more resilient to a changing climate. We continue to reduce our emissions intensity across our business and work with our customers to develop communications and technology solutions that help them reduce their own environmental impacts.

Our sustainability approach

Thriving in a digital world

In an increasingly inter-connected world, digital technology is disrupting traditional operating models and helping society to respond to major issues in a more agile and scalable way – from managing the impacts of climate change to making healthcare and education more universally accessible. As a large telecommunications and technology company, Telstra has a role to play in helping our customers and society adapt to technological change and the opportunities it brings. We want everyone to thrive in a digital world.

Our Sustainability Strategy (Strategy) reflects our most material topics, our SDG priorities, the areas in which we have the expertise to make a meaningful impact, and where we see opportunities to use innovative, tech-based solutions to help address major societal challenges and opportunities.

The Strategy was developed in consultation with key stakeholders, both internal and external, and represents a more holistic approach to sustainability that is informed by, and integrated with our core business activities. Launched in FY17, the Strategy includes three pillars:
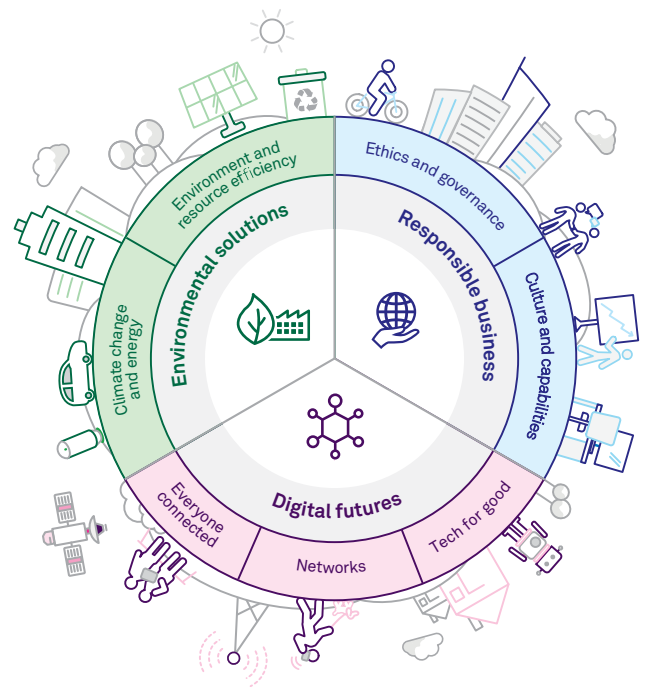
Responsible business

We will be a sustainable, globally trusted company that people want to work for and with.

Digital futures

We will foster strong, inclusive communities that are empowered to thrive in a digital world.

Environmental solutions

We will use technology to address environmental challenges and help our suppliers, customers and communities do the same.

For a comprehensive overview of our approach and progress in relation to each of these three strategic pillars, please refer to their corresponding chapters throughout this report. A high level overview of the key elements of each pillar, as well as how we are progressing against our targets, can be found overleaf.

Sustainability governance

The Telstra Board is responsible for overseeing, and monitoring the effectiveness of, our Sustainability Strategy and policies. The Board receives updates on Telstra's sustainability progress twice a year, with further updates provided as appropriate or required during the year. The Board also approves our annual Modern Slavery Act Statement, and plays a role in identifying our list of material sustainability topics, which in turn informs our program development and annual reporting.

The Chief Sustainability Office (CSO) is responsible for championing and embedding sustainability principles across Telstra, managing the risks and opportunities related to current and emerging sustainability issues, and working with the business to deliver social and environmental programs and outcomes for our customers and communities. The CSO also oversees the implementation of the Sustainability Strategy, working closely with the business to ensure key targets and performance indicators are met.

Our sustainability approach is supported by a number of Telstra Group policies, including the Telstra Group Code of Conduct, and our Diversity and Inclusion, Health and Safety, Privacy, Human Rights, Environment and Disability Services policies. The Supplier Code of Conduct sets out our expectations of business partners and suppliers.

For more information regarding our governance of climate-related risks and opportunities, see the Climate change and energy section of this report.

FY19 performance

Focus area	2020 target	SDG priorities alignment	Progress	More info
Responsible business				
Ethics and governance Being ethical, responsible and transparent in how we do business	100 per cent completion of our new enterprise-wide values-based conduct training	Goal 8	Rolled out new business-wide ethics and compliance training, which was completed by 98.3 per cent of Telstra Group employees and contractors	See page 16
Culture and capabilities Creating a world-class workplace whereour people can thrive	Achieve a sustainable engagement score that is in line with the global high performing norm by 2022	Goal 5[1] Goal 8	Achieved a sustainable engagement score of 67 per cent	See page 29
Digital futures				
Networks Delivering leading telecommunications networks	Achieve commercial deployment of 5G in all major cities and high demand regional centres	Goal 9	First to launch 5G in Australia. Coverage built out in 10 cities nationally.	See page 37
Everyone Connected[2] Ensuring everyone can enjoy the benefits of being connected	Provide tailored support, products and services to enable 1.5 million people to connect or thrive online	Goal 9	Provided tailored support, products and services to 379,000 people this year, bringing the total to 1.346 million people	See page 40
Tech for good Using the power of technology to enable all young people to thrive	Invest $18 million from FY18 to FY20 in Telstra Foundation funded initiatives designed to support young people to thrive in a digital world	Goal 8 Goal 9	Invested $6 million in Telstra Foundation funded initiatives to help young people to thrive in a digital world, bringing total investment since FY18 to $12 million	See page 47
Environmental solutions				
Climate change and energy Mitigating climate change impacts and helping our customers and communities to do the same	Reduce carbon emissions intensity (tCO_2e per petabyte) by 50 per cent, from a baseline year of FY17	Goal 13	Reduced carbon emissions intensity (tCO_2e per petabyte) by 40 per cent, based on a baseline year of FY17	See page 51
Environment and resource efficiency Using resources efficiently and minimising environmental impacts across our value chain	Reuse or recycle 60 tonnes of mobile phones and accessories over the next three years	Goal 9	Collected 15.5 tonnes of mobile phones and accessories for reuse or recycling this year, bringing the total to 39.2 tonnes	See page 56

[1]For further targets relating to Goal 5 please see our FY19 Corporate Governance Statement.

[2]This target comprises our efforts to support customers in vulnerable circumstances (including programs such as our Access for Everyone program, the Disability Equipment program, etc) and our digital capability programs (face to face and online training only). For more information see the Glossary.

Material topics

Each year we conduct a materiality assessment to ensure we are responding to the issues, risks and opportunities that have the greatest impact on our business, stakeholders and society.

We undertake our assessment in accordance with the Global Reporting Initiative (GRI) Reporting Standards (GRI Standards). We identify topics by reviewing a broad range of primary and secondary sources, including direct stakeholder engagement and feedback. This year our direct engagement included reaching out to 80 of our key community stakeholders, as well as over 40 environmental, social and governance (ESG) and institutional investment analysts to get their view of our most material sustainability topics.

Each year we consider materiality in the context of emerging global trends, the UN Sustainable Development Goals and our overall corporate context. We prioritise topics according to their impact on our stakeholders, the communities in which we operate, and our ability to influence or address related impacts. They inform our sustainability agenda and programs, as well as our reporting.

For more information on how we have measured Telstra's impact in regard to each of these topics in FY19, please see our sustainability reporting website.

Overall, the results of this year's materiality assessment were largely consistent with previous years, particularly with regard to our most material issues. The continuing, multi-year

upward trend in the materiality of our key responsible business topics (including executive remuneration, product and service responsibility, climate change, the future of work, emerging-tech ethics and maintaining trust) was the most significant finding of this year's review.

All high and medium priority topics identified are included in our reporting and are listed in the matrix below. Detailed information on these topics, as well as how we are managing them, can be found throughout this Bigger Picture 2019 Sustainability Report. Where applicable, more information may also be found within our 2019 Annual Report.

For definitions of our material topics, please see our Report Glossary, available in the data and downloads section of our sustainability reporting website.

Emerging topics

Our materiality assessment has also highlighted a number of emerging topics with the potential to become more significant over time. We continue to monitor the trajectory of these topics and ensure we are managing any related impacts and opportunities.
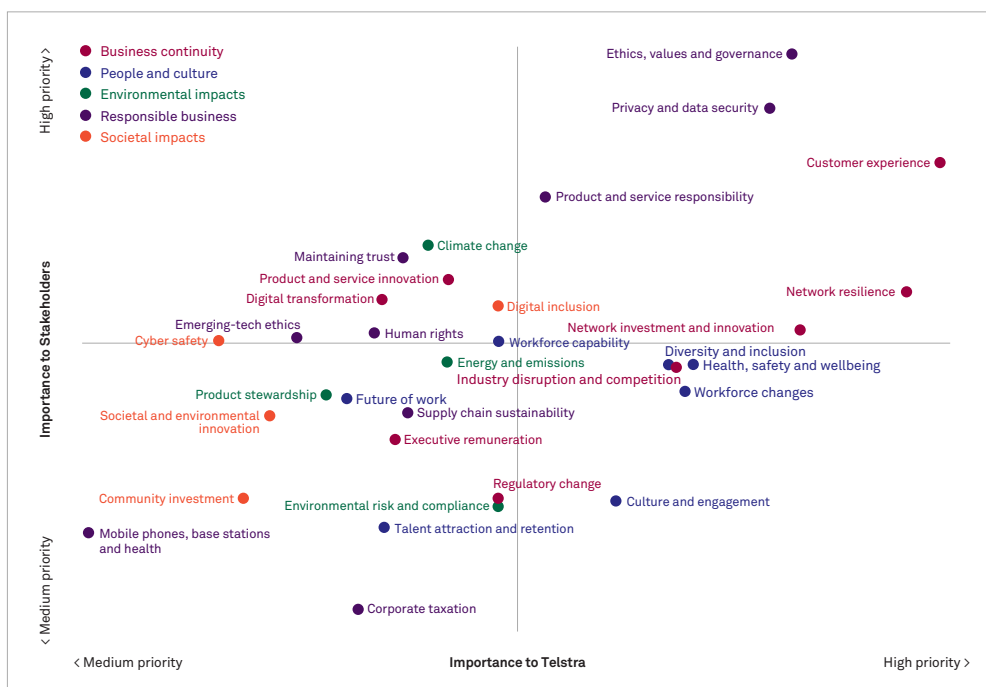
Managing material impacts across our value chain

Telstra's influence extends beyond our own operations and as a result, so do our economic, social and environmental impacts. We therefore hold a broad view of how we create value for our business and stakeholders. In accordance with the GRI Standards, the infographic below identifies the key stages of Telstra's value chain, including our supply chain, our direct operations, our customers and communities, and product end of life.

As part of our annual materiality process, we determine where along our value chain each of our material topics are of greatest impact. An overview of our impacts across our value chain can be found in the GRI Index of this report, which is available on the data and downloads page of our sustainability reporting website.

For an interactive view of the key stages and structure of our value chain, including our key stakeholders, SDG priority targets and material topics, please refer to the Value Chain page of our sustainability reporting website.

Supply Chain	Telstra	Customers & Community

Our purpose, vision & values

Manufactured products

We purchase products, including electronics and network equipment, which we provide to our customers or use for our network and business operations

Products & solutions

We offer a broad suite of connectivity, media and content to customers in Australia, as well as connectivity and enterprise services globally

Customers

We curate innovative technologies and capabilities from around the world to deliver exceptional experiences for all our customers

End of life

We apply integrated and collaborative approaches to realise business value through increased recovery, reuse and recycling

Service providers

We procure services including those relating to customer support, professional services, network installation and maintenance, customer technicians, property management and other non-core services

Networks & operations

Our network underpins Telstra's global operations, including our products, services and overall customer experience

Communities

We aim to embed social and environmental considerations into the business to create value for our company and stakeholders

Stakeholder engagement

Stakeholder engagement is the foundation of our approach to sustainability. We consider our stakeholders to be any group or individual who influences or is impacted by our business. We regularly engage with our key stakeholder groups to ensure we understand their expectations of us, and respond to their varied interests and concerns.

We want our stakeholders to be advocates for Telstra, and are focused on developing meaningful relationships through regular engagement and dialogue. This helps us to keep abreast of evolving social and environmental expectations, and to use stakeholder insights to develop targeted products, services and programs, and ultimately improve our customers' experience.

Our approach to stakeholder engagement is guided by the Telstra values. Our engagement takes many forms, including face-to-face interactions, surveys and market research. We are active in industry groups, participate in industry networks and forums, and have teams across the company that manage relationships with specific stakeholder groups.

We aim to build stakeholder trust by being transparent, responsive and accountable. The following table includes a list of our key stakeholder groups. For information on how we engage with our stakeholders, and their key areas of interest, please see the GRI Index to this report, available on our sustainability reporting website.

Telstra is a signatory to, or participant in, the following voluntary sustainability initiatives

- Australian Packaging Covenant
- CDP (formerly Carbon Disclosure Project)
- FTSE4Good
- Global e-Sustainability Initiative
- Global Reporting Initiative
- Joint Audit Cooperation
- MobileMuster
- Supply Nation
- Sustainable Development Goals
- Telco Together Foundation
- Thriving Communities Partnership
- Transparency International Australia
- United Nations Global Compact (UNGC)

Stakeholder Group	
Customers	Our customers are residential consumers, small to medium enterprises, large companies and organisations, as well as government.
Communities	We engage with our communities wherever we operate, including non-profit organisations and program partners, as well as community groups and individuals local to our operations.
Employees	Our workforce is large and diverse – we have nearly 29,800 employees located in over 20 countries.
Government	We engage with government ministers and staff at local, state and federal levels in Australia, and internationally.
Industry	We regularly engage with our sector peers, as well as ICT and telecommunications specific associations.
Shareholders and investment community	Our investment community comprises institutional investors, buy and sell-side analysts, as well as around 1.3 million shareholders, some of whom invest with social and environmental preferences.
Media	We regularly engage with representatives from print, radio, TV, social and online media at a local, national and international level.
Unions	We work closely with the relevant employee trade unions including Community and Public Sector Union, Communications Electrical Plumbing Union and Professionals Australia.
Suppliers	We engage with more than 5,000 suppliers from 44 countries.
Regulators	We work closely with industry regulators in all our markets.

About this report

Our reporting

Our 2019 Annual Reporting Suite comprises this Bigger Picture Sustainability Report, the Telstra Annual Report, and our 2019 Corporate Governance Statement. All of these documents are available to download via our sustainability reporting website. Our reporting website features infographics and performance highlights tables that detail our FY19 performance, more information regarding our impacts across our value chain, and a number of documents to download – such as detailed data tables, our FY19 assurance statement, report glossary and GRI & United Nations Global Compact (UNGC) Index.

Telstra includes the Bigger Picture Sustainability Report in our Annual Reporting Suite to provide a detailed overview of our approach and performance into the non-financial topics most important to our stakeholders, as determined through our annual materiality assessment.

The structure of our Bigger Picture 2019 Sustainability Report is aligned to the three pillars and corresponding focus areas of our Sustainability Strategy. Material topics identified through our materiality assessment have been aligned to these areas where relevant. Some topics represent global challenges, such as responding to the threat of climate change and respecting human rights. Others are key challenges for our industry, such as protecting our customers' privacy and data security, and ensuring all vulnerable customers can access the benefits enabled by modern communications technologies.

For each topic we have provided an overview of our approach and progress across the reporting period, including our performance against set targets, with the aim of providing readers with a clear view of how we are addressing our most material impacts.

Reporting standards

Our sustainability reporting is prepared in accordance with the Core Global Reporting Initiative (GRI) Reporting Standards (GRI Standards); the UNGC Communication on Progress and AccountAbility's AA1000 Principles Standard 2008.

The GRI topics and disclosures we have reported on throughout this report and on our website have been determined through our materiality process. The GRI Content Index accompanying this report contains a full list of disclosures, including their internal and external boundaries and scope, and their alignment with the UNGC and the UN Sustainable Development Goals.

In instances where aspect boundaries extend beyond the scope of our reporting, we are working to increase our disclosures.

Reporting scope

Our sustainability reporting covers the financial year 1 July 2018 to 30 June 2019 (FY19) for Telstra Corporation Limited, unless otherwise stated.

We are working to extend our data collection to fully include our international operations, with a view to broadening the overall scope of our reporting over time. Wherever possible and relevant under the GRI Standards we have extended the scope of this report to include our operations across the Telstra Group, as well as a discussion of any broader impacts across our value chain.

This report covers the activities of the Telstra Corporation Limited, including in relation to its Belong-branded mobile and broadband products. Information regarding the controlled entities in the Telstra Group can be found on our website.

Assurance

Ernst & Young (EY) provides limited assurance in accordance with ISAE 3000 over a selection of performance disclosures in our Bigger Picture 2019 Sustainability Report. For FY18-FY20 these performance disclosures align with the targets set in our Sustainability Strategy.

Additionally, we obtained limited assurance over our application of the principle of materiality, as outlined in the GRI Reporting Standards. This provides readers with comfort that we have identified our material topics and reported on them.

We also obtain reasonable assurance in accordance with ASAE 3000 and 3410 assurance standards over greenhouse and energy performance information as disclosed each year over the greenhouse and energy metrics that form part of our regulatory National Greenhouse and Energy Reporting (NGER).

For an overview of the metrics that underwent assurance this year, please see EY's Assurance Statement, available via our sustainability reporting website.

Responsible business

Ethics, values and governance

At Telstra, we are committed to acting responsibly and being transparent and accountable, wherever we operate. As the world in which we operate evolves, our stakeholders expect more of us as a large, iconic Australian business. Amidst this constant change, our purpose and values anchor us and guide our actions.

While technological innovation and digital disruption have opened up new opportunities, they have also highlighted our need to engage with ethical considerations such as how customer information is generated, stored, used and shared via our products, services and systems.

We recognise that the long-term success of our company depends on how we respond to changing expectations; not just within our own operations but into our supply chain and relationships with our business partners.

Approach

Telstra is committed to excellence in corporate governance, accountability and ethical behaviour in all countries in which we operate. We believe in creating and promoting a strong, values-based culture and we recognise that long-term success depends largely on how we do business.

Across our operations, we promote a fair and responsible culture through our Code of Conduct, and governance policies, mandatory compliance training, and reward employees who demonstrate our values. We have strict guidelines to help employees pursue high ethical standards, avoid corruption and bribes, and speak out freely if they have any concerns about improper behaviour.

Progress

Fulfilling our purpose

We believe it's people who give purpose to our technology.

So we're committed to staying close to our customers and providing them the best experience.

And delivering the best technology.

On the best network.

Because our purpose is to build a connected future so everyone can thrive.

Living our values

Our values describe what we stand for and guide the way we do things. At Telstra, we have five core values.

- Show you **care**
- Make the complex **simple**
- **Trust** each other to deliver
- Find your **courage**
- Better **together**

Governance at Telstra

We are committed to excellence in corporate governance, transparency and accountability. This is essential for the long term performance and sustainability of our company, and to protect and enhance the interests of our shareholders and other stakeholders.

We comply with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations).

We regularly review our governance practices in light of both current and emerging corporate governance developments of relevance to our company, to reflect market practice, expectations and regulation as appropriate.

Our governance framework plays an integral role in supporting our business and helping us deliver on our strategy. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed.

It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behaviour we expect of each other.

For more information about governance at Telstra, please refer to our 2019 Corporate Governance Statement.

Working ethically

Telstra's Values and Code of Conduct set the behavioural standards for everyone who works for, or on behalf of, Telstra. The Code of Conduct helps us take a consistent, global approach to important ethical and compliance issues.

All Telstra employees and contractors are responsible for knowing and following the ethical, legal, and policy requirements that apply to their jobs and for reporting any suspected violations of law or our Code of Conduct. Our Executives and managers are accountable for creating and promoting a culture in which compliance and ethical business conduct are expected and encouraged.

Understanding and reporting risk

It is vital that our people understand how to identify, assess and manage risk in our business, and that our Board is aware of our material risks and what we are doing to monitor and mitigate them. For more information on the processes we have to understand and manage our risks, please refer to our 2019 Corporate Governance Statement.

Compliance training

Our compliance training is aligned to Telstra's Code of Conduct, which outlines what we stand for as an organisation and how we will conduct ourselves as we work together to deliver our strategy. It stipulates the principles and standards of behaviour that Telstra expects from all its directors, executives, employees and contractors across the Group.

Our compliance training covers obligations under our group policies on issues such as health, safety, wellbeing and environment, discrimination and bullying, accessibility, diversity and inclusion, human rights, anti-bribery and anti-corruption, privacy and the Structural Separation Undertaking (SSU).

We monitor, report and manage mandatory compliance training completion rates, as part of our training governance framework. Employees who fail to complete mandatory compliance training without a valid reason may face disciplinary actions.

This year 98.3 per cent of Telstra Group employees and contractors completed the mandatory refresher training.

Commitment to anti-bribery and anti-corruption

We prohibit corruption, bribes or kickbacks of any kind.

Our mandatory compliance training is designed to educate our employees and contractors on recognising the many forms bribes can take and how to avoid them, even at the risk of losing business opportunities.

We expect that our Suppliers and Business Partners acting on our behalf comply with our minimum standards in relation to ethical dealings which are described in our Supplier Code of Conduct.

We seek to ensure gifts and hospitality are not given or accepted in inappropriate circumstances, including where the offering or acceptance may compromise (or be perceived to compromise) independence, or be construed as a bribe.

Whistleblowing

By law, certain protections may apply to a range of people, including current and former employees, their relatives and dependants, and suppliers and their employees to report concerns about unethical, illegal or improper behaviour, or about an improper state of affairs at Telstra. Our Whistleblowing Policy is supported by a confidential process that provides appropriate protections for anyone to report their concerns, a Whistleblowing Service where people can report their concerns anonymously, and professional investigators and case managers. Telstra's Whistleblowing Committee, which is chaired by the Company Secretary, receives any whistleblowing disclosures and oversees an investigation of each matter and any follow-up actions that are required. Our Audit and Risk Committee of the Board of Directors oversees the whistleblowing process.

During FY19, we received 142 whistleblowing reports and disclosures, which was an increase of 41 per cent compared to FY18. During this period we actively promoted the Telstra Whistleblowing policy to our people and this may be reflected in the increase in use of the service. All whistleblowing reports we receive are the subject of an impartial investigation. We completed 134 investigations in FY19 and in 38 of these investigations the allegations were substantiated in whole or in part, noting that one report might cover multiple matters and the types of issues being reported vary in terms of the seriousness of the allegation.

To report a matter, visit Telstra's Whistleblowing Service.

Political donations

In line with other major publicly listed companies, we do not make cash donations to political parties. We do however pay fees to attend or facilitate events which allow for discussion of major policy issues with policy makers and opinion leaders that are organised by political parties. These payments can be considered as political donations in some circumstances, and are therefore declared to the relevant electoral commission or government agency as appropriate.

Managing our tax affairs

Our approach to tax strategy and governance

We are committed to the highest standards of tax governance and compliance with the tax laws and obligations in the jurisdictions in which we operate. We pay tax consistent with our business presence and operations.

Our Tax Risk Management and Assurance Policy is reviewed and approved on a three-year cycle by the Audit and Risk Committee of the Board. It is also reviewed annually by the Policy Governance Committee as part of Telstra's group-level suite of policies. In accordance with this policy, we maintain a conservative tax risk profile. All transactions we enter into are based on commercial considerations. We do not take positions that are tax-driven, artificial or contrived, or that interpret a tax law beyond its spirit and intent. In keeping with this approach, we may contest tax rulings or interpretations of tax law where we believe we are correct (even if a revenue authority expresses a different view). Where appropriate, we minimise tax risk and uncertainty by obtaining sign-offs from revenue authorities. Material tax matters are regularly reported to the Audit and Risk Committee.

We seek to undertake real-time reviews of tax risks on all material transactions and are committed to continuous improvement of our tax compliance systems, processes and practices. We regularly provide tax training and seminars to relevant personnel and keep up to date with the latest tax developments and tax law changes.

We are committed to full transparency and disclosure in our dealings with revenue authorities. This open and cooperative approach includes regular interactions with the Australian Tax Office (ATO) pursuant to its annual Pre-lodgement Compliance Review process. The ATO categorises Telstra Corporation Limited as a key taxpayer for income tax and GST as part of its risk rating of the Top 100 public and multinational taxpayers.

We have received our Tax Assurance Report for FY17 as part of the ATO's "Justified Trust" program. The ATO has awarded Telstra the highest rating for tax governance, reflecting a high level of assurance that we paid the right amount of Australian income tax for FY17.

We continue to apply the Board of Taxation's Voluntary Tax Transparency Code, providing the recommended disclosures in this report and in Note 2.4 of the Financial Statements in the 2019 Annual Report.

Our Australian tax contribution

Telstra makes a significant contribution to Australian federal, state and local government tax revenues. During FY19, we:

- paid $0.9 billion in Australian income tax[1], $0.2 billion in state payroll taxes and $0.1 billion in other Australian federal, state and local government taxes
- remitted $0.9 billion in net GST (after claiming input tax credits)
- remitted $1.0 billion in Pay As You Go withholding tax deducted from salaries paid to employees.

In recent years, our annual payment of corporate income tax has averaged approximately 2.4 per cent of total corporate income tax collected by the ATO[2].

The Telstra Group's effective income tax rate was 30 per cent, which is in line with the Australian corporate tax rate[3].

Our international related party dealings

We utilise our international telecommunications network (including submarine cables) to deliver telecommunications connectivity services and solutions to customers in over 20 countries. Our substantial overseas operations are located in Hong Kong, Singapore, the Philippines, the UK and the US.

During FY19, our material transactions with our offshore subsidiaries included:

- paying and receiving fees for international connectivity
- paying for customer and network support services
- paying and charging interest on cash balances used to fund our subsidiaries' day to day operations.

Our international related party transactions are based on commercial considerations and are undertaken in accordance with the Organisation for Economic Co-operation and Development (OECD) arm's length principles, supported by regular benchmarking.

We seek to comply with Australian and foreign transfer pricing tax laws and have met our filing obligations to the ATO, including country-by-country reporting.

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[1] Income tax paid by Telstra Corporation Limited on behalf of the Australian tax consolidated group (Telstra Corporation Limited and its wholly owned Australian subsidiaries).
[2] Average percentage calculated using our net Australian tax consolidated group cash tax paid divided by ATO net corporate income tax collections for the past three years (i.e. FY15 to FY17) based on the Commissioner of Taxation's Annual Report 2016/17.
[3] See Note 2.4 of the Financial Statements in the 2019 Annual Report.

Protecting our customers' data and privacy

Approach

We are committed to being transparent with our customers about how we collect, use and manage their personal information.

We manage privacy and data access through our Code of Conduct, policies and security controls which commit our employees to strict standards of privacy and confidentiality, and protect data from intrusions and unauthorised access. We have robust processes and operational guidelines in place to ensure we comply with all relevant privacy regulations including notifiable data breach reporting, General Data Protection Regime (GDPR) and lawful information requests from government and law enforcement agencies.

Progress

Protecting our customers' privacy

As part of our approach to protecting our customers' personal information and our networks from unauthorised access, we use a combination of technical solutions, security controls and internal processes.

Our employees and contractors are subject to the Telstra Code of Conduct, which requires them to treat the personal and confidential information of others with respect at all times.

We continue to adapt our privacy framework by expanding existing practices to reflect new ways of working and by continuing to implement 'privacy by design' principles when assessing new products and services. Our Privacy Statement provides our customers with transparency about what happens with the personal information entrusted to us. We undertake regular reviews of the Privacy Statement to ensure that it remains fit for purpose.

Our customers' personal information

We are firmly committed to protecting and securing our customers' personal information and we comply with all relevant privacy legislation. We do not share with third parties any information that identifies, or could reasonably identify, a customer except in line with our Privacy Statement or if we are required and permitted by law to do so.

Some of the data we collect can provide insight and intelligence to assist in planning and forecasting. For example, we provide aggregated and anonymised location-based insights to governments and organisations to help solve planning challenges and deliver other benefits for local communities. This may include assessing how infrastructure and public spaces are used and what future development may be required, as well as movement across road and rail routes to understand what investment is needed to meet future demand.

In FY19, we had four privacy incidents requiring notification to the Office of the Australian Information Commissioner (OAIC) with approximately 400 customers impacted in total. In all cases, we directly contacted the impacted customers to discuss concerns they may have had and offered solutions appropriate to their situation, such as offering new service numbers, new account numbers, credits on their account or referral to third party identity and cyber support services. All impacted individuals have confirmed that issues associated with their breach have been resolved.

Telstra Locator

This year we launched Telstra Locator, a subscription-based finding service that helps customers keep tabs on their items – from keys and bags to bikes, pets and even business assets like tools and vehicles.

By attaching a Telstra Locator Tag to their valuables, customers will be able to use the Telstra Locator App to help find their possessions if they go missing. Telstra Locator securely reports the last known approximate location of the customer's item, and automatically updates location information in the background when in range of the Telstra Locator Network. A key differentiator of Telstra Locator is that it uses compatible parts of the Telstra Air Network and the Telstra Locator Bluetooth Community (a crowd-sourced community of users' devices, including Telstra 24x7 App users who have opted in) to help locate items.

In developing this service, we were mindful of the potential privacy implications, consulting with domestic and family violence technology experts throughout its design.

Our service includes a number of features designed to protect against the risk of misuse, allowing customers to review and update who can see the location of their devices at any time in the Telstra Locator App, regular notifications about the service and features to protect against unintended tracking including the ability to detect hidden location trackers within Bluetooth range.

Being transparent with our customers

Telstra's annual [Transparency Report](#) aims to give our customers more information about our legal obligations as a carrier and carriage service provider.

Like all telecommunications companies operating in Australia, we are required by law to assist a range of government agencies who request customer information for purposes such as enforcing criminal law and laws imposing financial penalties, protecting public revenue and safeguarding national security.

Telstra only discloses customer information if the request is in accordance with the law. We also provide assistance to emergency services organisations in serious and life-threatening situations.

Types of Law Enforcement Requests	FY19
Telstra customer information, carrier service records and pre-warrant checks	65,564
Life threatening situations and Triple Zero emergency calls	5,415
Court orders	408
DNS Blocking	524
Warrants for interception or access to stored communications	2,871
Total	**74,782**

Removing abhorrent violent material

Following the Christchurch terrorist attack on 15 March 2019, the government passed laws to prevent abhorrent violent material from being shared widely on the internet.

To comply with the legislation we must notify the Australian Federal Police (AFP) if we become aware that any internet, content or hosting service we provide can be used to access material which records or streams abhorrent violent material; and as a content and hosting services provider we must quickly remove or cease hosting such material.

Blocking copyright infringement

The Federal Court of Australia has ordered most Australian Carriage Service Providers (CSPs) and Internet Service Providers (ISPs) — including Telstra — to block access to certain websites hosted overseas that 'infringe, or facilitate the infringement of, copyright'.

We support any effort to make the internet a safer place for all users.

Managing cyber security

The threat represented by cybercrime is not new. What is new is society's increased cyber-dependency, which allows crime, protest, espionage and errors to happen at an unprecedented pace, scale and reach. This is why we take the security of our customers' data and networks very seriously.

We design, build and manage the security for our global network in three main ways:

Technology

We use a range of technologies and security controls to minimise the likelihood and impact of unauthorised access to our networks and systems. Such technologies and controls include logging and monitoring capabilities to pre-empt and proactively prepare for internal and external threats and industry-standard infrastructure configuration.

We continuously invest in our security capabilities, including maintaining and enhancing our existing technologies to continue to stay ahead of new security threats. We also deploy new technologies to ensure we can adapt to the range of changing security threats.

Process

Our approach to cyber security risk management ensures appropriate ownership, oversight and ongoing risk management is applied to IT systems, data and risks. Cyber security subject matter experts provide oversight, and our risk and internal audit functions independently assure the process.

We also have security processes that include technical reviews of projects and solutions, and due diligence of third parties to ensure the presence and assess the effectiveness of security controls at critical points.

People

Cyber security is as much about people as it is about technology. We deliver programs designed to foster a strong cyber security culture.

We invest in our people to prepare them against a range of different cyber threats. We have mandatory annual training for all employees and contractors, and run regular drills on our employees to test its effectiveness.

Managing our supply chain

Approach

As a major telecommunications and technology company, we rely on a large and complex supply chain. Our scale gives us the opportunity to work with our suppliers to positively influence their environmental, social and ethical performance.

Our Supplier Code of Conduct sets out the minimum standards we expect from our suppliers and forms part of our standard purchasing terms. Through our policies, supplier governance framework, training and audit program, we work with our suppliers to assess whether they are meeting our standards.

Where we identify concerns about supplier performance, we engage constructively with the supplier, driving improvement to deliver the best outcomes for the workers we are seeking to protect, the community and the environment. In instances where suppliers are not willing to improve their performance, despite our attempts at engagement, we may withdraw from contracts or switch to alternate suppliers.

Our supply chain

As a major telecommunications and technology company, we have a large and complex supply chain, which constantly changes as we award or change contracts. In FY19, we engaged directly with more than 5,000 suppliers from 44 countries and approximately 80 per cent of our total spend was with 100 suppliers. In addition, our suppliers often have many suppliers of their own, who then also rely on suppliers.

Our largest category of spend is on information and communications technology (ICT) (54 per cent). These items are provided directly to customers, used to provide and manage our network and data services, or used by Telstra employees. This also includes services that relate to developing and programming software, and providing technology support to our customers and people.

Construction and physical network infrastructure maintenance represents 20 per cent of our total spend. The remaining 26 per cent of procurement spend is on non-core activities, such as professional services, travel and uniforms.

Telstra direct supplier spend by country
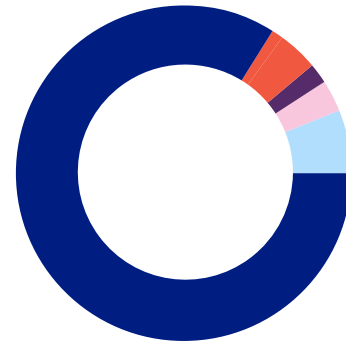
88%	● Australia and NZ
6%	● Asia
1%	● Europe
2%	● USA and Canada
3%	● Other

More than 90 per cent of what we spend directly is with suppliers based in low-risk countries, as defined by the OECD. Many of our suppliers have Australian-based subsidiaries with whom we deal directly. As a result, a high percentage of our direct spend is within Australia. However, geography is only one factor we use in assessing the overall risk of a supplier and we do look beyond our first tier of suppliers in making these assessments.

Telstra's supplier code of conduct

Our Supplier Code of Conduct (the Code) aligns with information and communications technology (ICT) sector standards such as the Responsible Business Alliance (RBA) Code of Conduct and Joint Audit Cooperation (JAC) Supply Chain Sustainability Guidelines, as well as legislative obligations such as the UK Modern Slavery Act 2015. The Code was updated in February 2019 to clarify suppliers' obligations in relation to conflicts of interest and cyber security. The updated Code also highlighted a new central portal where suppliers disclose their conflicts of interest relating to Telstra employees and labour practice incidents. The information provided is used to help us learn from incidents, prevent reoccurrence, monitor compliance to the Code, and better manage our relationships.

This year, we held a forum with 29 of our key suppliers to discuss our Supplier Code of Conduct. The forum provided a great opportunity to discuss best practice and reinforce Telstra's expectations with our key suppliers.

Progress
Supplier risk management

To help us make more informed purchasing decisions, we continue to refine our Supplier Governance Framework, which assesses suppliers against twelve categories of risk (see diagram). We consider labour practices, environmental, health and safety, and bribery and corruption risks as part of sustainability risks. We assess these risks as part of our selection and contract renewal process using a combination of questionnaires, documentary review and, where warranted, onsite audits.

Supplier risk categories

Operational	Commercial	Business Continuity	Privacy
Fraud	Information Security	Health & Safety	Anti-Bribery Anti-Corruption
Trade Sanctions	Export Controls	Labour Practices	Environmental Practices

To assist all our people involved in purchasing decisions understand how to apply our Supplier Governance Framework, we implemented an online training program this year. More than 1,100 people completed the training. This training provided an overview of their responsibilities, and the tools and resources that can help manage supplier risk. This training will continue to be rolled out across the business in FY20, including to our people who manage other third parties (such as licensees and channel partners).

We have approximately 200 procurement specialists and they are required to follow more stringent requirements. In FY19 all procurement employees completed a new online training program which outlined their responsibilities and provided information on controls such as stricter requirements for accepting gifts and hospitality. All procurement employees are required to complete this training annually with completion rates monitored by our Human Resources team. This year, 100 per cent completed the training.

Monitoring compliance

We expect our suppliers to monitor their own, and their suppliers' compliance with our Supplier Code of Conduct and to correct any identified deficiencies in a timely manner. We also require them to notify us if they become aware of an actual breach or reasonable likelihood of breaching of the Code.

We work with our suppliers to assess whether they are meeting the Code in a number of ways, such as governance meetings and reports, questionnaires and audits. The approach we take is based on the nature of the risks, and the category of the goods or services being provided.

Sustainability risks are more likely in ICT products and services, and construction and physical network infrastructure maintenance categories, which are also our two largest categories of spend. Within the remaining categories of spend, we have identified branded apparel and merchandise manufacturing, agriculture, and cleaning and waste management as categories warranting specific attention. We focus on these areas due to the use of low-skilled and low-wage labour, together with the potential for environmental damage within these industries' supply chains.

Questionnaires and audits

We monitor sustainability risks through questionnaires and audits. This year, 61 of our high risk suppliers were selected to complete a detailed questionnaire and provide evidence to support their responses. The questionnaires have been designed using external supplier sustainability experts and are aligned with industry standards. We validated the evidence provided in the questionnaire responses and selected 53 sites to complete onsite audits by an independent third-party auditor. For some suppliers we audit only their site (i.e. tier one), and in other cases we audit as far as three tiers down the supply chain. The onsite audits included 45 sites related to ICT suppliers, one construction contractor and seven sites in other high risk industries.

Number of independent third-party site audits undertaken

Categories	FY18	FY19
Information and Communications Technology (ICT) sector	40	45
Construction and physical network infrastructure maintenance	–	1
Other categories, including branded apparel and merchandise manufacturing, agriculture, and cleaning and waste management	4	7
Total	**44**	**53**

As well as relying on third-party audits, our Contractor Management Centre of Excellence (CMCoE) team also undertake their own internal audits of our construction and physical network infrastructure maintenance suppliers, where health and safety is a significant risk. In FY19, more than 1,700 health, safety and environment internal audits were undertaken.

Remediation

We review the findings of all our supplier audits. Where problems are identified we work with the supplier to develop corrective actions with agreed timeframes as part of the remediation plans. We then work constructively on the corrective actions, and review evidence provided to justify closing the audit findings.

Findings from the audits conducted in FY19 identified 99 critical and unacceptable findings with working hours and health and safety being the most common areas of concern. These areas are being addressed as part of the corrective actions identified. In FY19, 82 corrective actions relating to the critical and unacceptable findings were closed. In instances where suppliers are not willing to improve their performance, despite our attempts at engagement, we may terminate supply contracts and/or switch to alternate suppliers.

This year, we identified a supplier who failed to make superannuation payments to its employees. We engaged the supplier to correct the issue and pay the outstanding superannuation entitlements by a set date. However, the supplier failed to meet the deadline. After taking all reasonable steps to rectify the situation, we issued notice to terminate the supplier. We provided impacted employees with the option to continue working with us by transitioning them to other Telstra suppliers. These employees were transitioned under their current classification, pay rate, and with all accrued legislative entitlements transferred.

Industry cooperation on supply chain

Supply chain sustainability, particularly in the ICT sector where there are complex supply chains, is an area that requires cross-sector collaboration. We work with ICT industry bodies such as the Joint Audit Cooperation (JAC) and Global e-Sustainability Initiative (GeSI) to drive improvements in sustainability practice throughout the global supply chain.

In 2018, we joined JAC, an association of 17 global telecommunications operators that pools results of site audits of common suppliers. JAC's audits aim to verify that suppliers comply with internationally-recognised sustainability standards within global supply chains.

Since 2010, JAC has conducted over 366 audits in 27 countries, covering more than 813,000 workers. Since 2016, 46 Telstra suppliers have participated in JAC-appointed audits. Of these, 19 were audited in FY19 and are included in the summary of audits completed and associated findings above. We expect more than 15 of our suppliers to be subject to JAC audits in FY20.

Spend for good

In order to help our people understand that their purchasing spend for Telstra has impacts beyond the organisation, we created a three minute animated video called "Spend for good", which was released on our corporate intranet. The video explained in an engaging way the principles of responsible sourcing and the different things to be aware of in making purchasing decisions, as well as that Telstra has legislative obligations with respect to modern slavery. Since being launched in June 2019 to coincide with the International Day against Child Labour, more than 4,000 Telstra people have viewed it.

Supplier social impact

Our supported and Indigenous workforce

We are proud to continue our partnership with 13 non-profit groups around Australia to create employment opportunities for people living with disability or from disadvantaged backgrounds. At 30 June this year, 522 people living with disability and people from a disadvantaged background were accessing employment through the program.

Through the Indigenous Workforce Program (IWP), we partner with 19 local Indigenous small businesses and Ranger groups to undertake cleaning and grounds maintenance at regional and remote sites across Queensland, the Northern Territory and Western Australia. The IWP supports the employment of more than 67 people at over 550 sites.

Choosing Indigenous suppliers

As part of our Reconciliation Action Plan (RAP), we have made long term commitments to increasing our annual spend with Indigenous suppliers, creating a more inclusive and sustainable supply chain. In FY19 we signed contracts with a number of new Indigenous businesses including fleet and e-waste services, in total spending more than $1.75 million with Indigenous suppliers in the past 12 months.

Human rights

Approach

Across our value chain, we aim to ensure that we and our business partners operate with respect for human rights. Since 2011, we have been a signatory to the United Nations Global Compact, which commits companies to 10 guiding principles on human rights, labour rights, environmental protection, and measures to fight corruption. Our commitment to respect and support human rights is aligned to the UN Guiding Principles on Business and Human Rights, and is outlined in our Code of Conduct and Human Rights Policy.

Understanding our human rights risks

We have examined the human rights risks to identify our seven most salient human rights risks, which are:

Labour rights (human rights) including: • forced or compulsory labour • wages and benefits • work hours • child labour	Reported in this section
Freedom of association	Refer to Employment and workplace relations
Health and safety	Refer to Promoting health, safety and wellbeing
Privacy and data protection	Refer to Protecting our customers' data and privacy
Anti-discrimination	Refer to 2019 Sustainability Report Data Pack
Anti-bribery and corruption	Refer to Ethics, values and governance
Access to grievance mechanisms	Refer to Ethics, values and governance

Progress
Managing human rights

We continue to embed our human rights compliance plan to manage and mitigate our seven salient human rights risks. This year we updated our compliance plan to align with Telstra's organisational structure changes. This included reviewing the applicability of each of our human rights requirements against the new functional areas as well as re-assessing each of the assigned risk levels. As we further define our control environment (e.g. through the introduction of new training),

we update the compliance plan to reflect these additional controls. Our compliance program will continue to develop as our approach and understanding matures. Our focus for this coming year will be on ensuring it is aligned with the requirements of the Modern Slavery Act 2018 (Cth).

Human rights in our supply chain

As our supply chain is one of our areas of greatest potential human rights risk, we continue to devote significant effort to deepening our understanding of the specific types of human rights risks associated with different types of products, source countries and sectors.

We prioritise our assessments of our suppliers' human rights performance based on risk and have integrated this process into our broader supplier risk governance processes. This includes our supplier risk assessments, ongoing supplier management and due diligence as well as procurement training for our employees.

For more information please refer to the Managing our Supply Chain chapter of this report.

Reporting on modern slavery

The Modern Slavery Act 2015 (UK) requires companies operating in the UK with annual global turnover exceeding £36 million to publish an annual 'slavery and human trafficking statement'. To respond to the legislation, each year we produce our Modern Slavery Act Statement which is available on our website.

In December 2018, Australia implemented similar legislation to the UK and on 1 January 2019, the Modern Slavery Act 2018 (Cth) came into force. The Modern Slavery Act 2018 (Cth) requires Australian entities with annual consolidated revenue exceeding AUD $100 million to produce an annual statement. The statement must disclose the risks of modern slavery in the entity's operations and supply chains and what they are doing to address those risks. Telstra is subject to the legislation; our first reporting year will be FY20 and we will be required to produce a statement by 31 December 2020. Next year, we aim to produce one Modern Slavery Statement which will fulfil our obligations under both the UK and Australian legislation. We will also continue to provide updates on our progress in this report.

The New South Wales government also enacted legislation, the Modern Slavery Act 2018 (NSW) which has not yet entered into force. Because Telstra will report under the Commonwealth Act, we expect we will not be required to also report under the NSW Act.

Product responsibility

Approach

It is important that we provide our customers with services they can trust, and products that are safe and easy to understand.

We are continuously working to improve our performance in this area. Feedback from customers and regulators indicates that sometimes we do not meet expectations. We take seriously our responsibilities to keep our customers and the community informed about our products as well as their safe use and to maintain an open and honest dialogue on issues of concern.

Progress

Product simplification

One of the four pillars of our T22 strategy is to radically simplify our product offering to improve our customers' experience of our products and services. This simplification is a direct response to the issues our customers and stakeholders had identified as significant pain points. In FY19 we delivered the first part of this pillar.

Less complexity, more flexibility

In response to customer feedback that our mobile plans were complex and difficult to understand, we reduced our plan offering from 1,800 plans to 20, and launched our radically simplified post-paid mobile range, which enables consumer and small business customers to customise new mobile plans to suit their needs with:

- No lock-in plans
- Freedom to change their plan once a month
- No excess data charges in Australia
- 24- and 36-month device payment options
- The ability to personalise their plan through add-ons.

These plans go to the heart of what customers need: bill certainty and transparency; a smaller, simpler and clearer range to choose from; as well as flexibility on such things as contracts, data and add-ons.

We know how concerning and confusing charges can be when travelling internationally. Our International Roaming Day Pass ensures customers can roam worry-free and that's why we have started bestowing the day pass at no charge to our Small

Business handheld and mobile broadband services alongwith our consumer mobile broadband services, withconsumer handheld services to follow in FY20.

Responding to issues

When we become aware of material issues that impact our customers, we take steps to rectify the issue and voluntarily inform our regulators. In FY19, we proactively reported an issue regarding the way our billing system operated that resulted in certain customers being overcharged, and an issue where customers did not receive alerts notifying them about their mobile data usage. In both cases we are working to remedy any adverse impact to our customers.

Critical telecommunications services

Telstra takes seriously its responsibilities to keep Australians connected to critical telecommunications services in times of need. In two instances this year, it was assessed that we had not fully executed our obligations in this important area.

In 2017 the Australian Communications and Media Authority (ACMA) initiated a formal investigation into Telstra's compliance with its Priority Assist obligations. The ACMA issued a remedial direction to Telstra on 6 July 2018 which found that Telstra contravened its Priority Assist Policy. It required Telstra to appoint an independent auditor to assess Telstra's compliance with the Priority Assist obligation and to provide quarterly reporting to the ACMA. Telstra has accepted the auditor's recommendations for improvements to our compliance systems, processes and practices. It is critically important that our customers can rely on us to manage this vital service.

Telstra has a long and proud history in providing critical telecommunications services to Australians and has operated the Triple Zero answer service for more than 50 years. On Friday 4 May 2018, Telstra experienced an unprecedented service disruption that affected the ability of some people to reach Triple Zero and connect with the required emergency service organisations. The ACMA and the Commonwealth Department of Communication and the Arts concluded their investigations in October 2018. The ACMA accepted a legally enforceable undertaking for Telstra to implement and maintain various improvement measures, and the Department also issued 11 recommendations for Telstra, industry and government to improve infrastructure, processes and communications to reduce the risk of similar disruptions in the future. Telstra continues to comply with its undertaking to the ACMA and is on track with its contributions to the relevant aspects of the Department's recommendations.

Selling practices

Maintaining fair sales practices and the responsible provision of telecommunications products and information to customers is very important to Telstra. In the vast majority of cases our sales ecosystem, outlined below, works well.

We are aware of a relatively small number of instances in FY19 where the handling or outcome of sales interactions has been unsatisfactory, such as where products and services for people living with disability have not been brought to the attention of customers in situations where this would have been appropriate. We're also conscious of the need to ensure our processes and policies relating to identifying and dealing with potentially vulnerable customers continue to be refined to try and prevent adverse customer outcomes arising.

Where we become aware of instances of improper selling we act quickly to address it, and have implemented a number of improvements – such as additional training and monitoring tools - to help ensure better customer outcomes. In relevant cases we also take disciplinary action (which may include dismissal) against sales staff who breach their obligations, and claw back relevant incentive payments made to stores or staff in connection with improper sales.

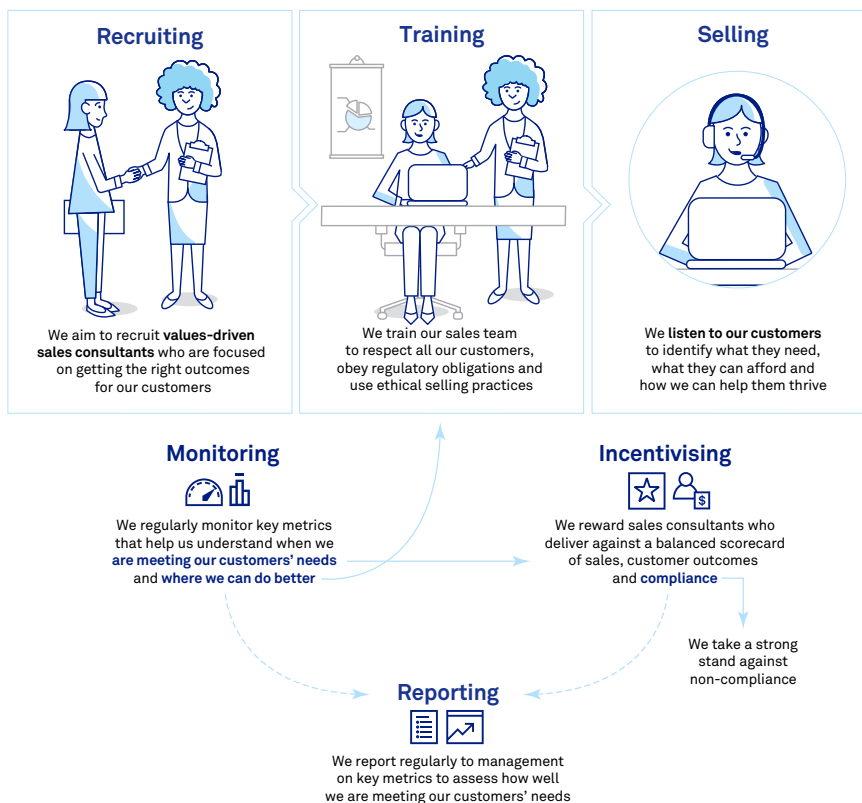## Managing and minimising TIO complaints

We were pleased that in FY19, we saw a 20 per cent reduction in complaints to the Telecommunications Industry Ombudsman (TIO) compared to FY18. This was a significant reduction, and the total number of complaints was also lower than in FY17, indicating meaningful progress in dealing with key customer pain points. Reductions were observed against all core complaint drivers with charging disputes down 29 per cent and complaints related to connecting and modifying services down 23 per cent.

We want our customers to be completely satisfied with the level of service we provide. Our aim is to ensure our customers feel valued and understood every time they interact with us and any complaint to the TIO indicates we still have some work to do to resolve customer issues quickly.

We continue to work on ways to improve our customers' experience, including employee training, simplifying or removing fees and improving the Telstra 24x7®[1] App to give customers greater visibility and control of their services with us. We remain optimistic that our simplified plans will assist us to reduce the volume of complaints to the TIO in relation to our charges.

[1] Telstra 24X7 is a registered trade mark of Telstra Corporation Limited
For more information, please see the customer experience section of this report.

Sales ecosystem

Recruiting
We aim to recruit **values-driven sales consultants** who are focused on getting the right outcomes for our customers

Training
We train our sales team to respect all our customers, obey regulatory obligations and use ethical selling practices

Selling
We **listen to our customers** to identify what they need, what they can afford and how we can help them thrive

Monitoring
We regularly monitor key metrics that help us understand when we **are meeting our customers' needs** and **where we can do better**

Incentivising
We reward sales consultants who deliver against a balanced scorecard of sales, customer outcomes and **compliance**

We take a strong stand against non-compliance

Reporting
We report regularly to management on key metrics to assess how well we are meeting our customers' needs

Mobile phones, base stations and health (EME)

Approach

We acknowledge that some people are concerned about possible health effects from electromagnetic energy (EME).

We are proactive, transparent and fact-based in our communications regarding EME and comply with the standards set by regulators.

We rely on the expert advice of national and international health authorities including the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) and the World Health Organisation (WHO), and we actively contribute to scientific research on EME and health.

Progress

We continue to provide information about EME on our website now including 5G as well as our EME help desk. We also invite customers to go directly to the WHO, ARPANSA, Australian Communications Authority (ACMA) and 'EMF Explained' websites for further information.

The Radio Frequency National Site Archive (RFNSA) is the consultation web portal we use to provide the community with access to up-to-date information about new base station proposals across the country. The RFNSA received more than 500,000 visits in FY19 to access information about network deployment activities, and information on EME and site safety.

All our base stations are assessed for EME compliance, and the ARPANSA Environmental EME reports and compliance certificates for all sites are published on the RFNSA. Every mobile handset we sold in FY19 was certified by the manufacturer as compliant with the mandatory ACMA Radio Communications (Electromagnetic Radiation – Human Exposure) Standard 2014.

Communicating with our customers

This year, we continued our mobile safety information SMS campaign, sending over 13 million messages referring customers to our mobile tips, where we have information on mobile use, EME and tips to reduce exposure. We also updated our website with new information videos on small cells, EME and health.

In FY19, we completed 1,938 mobile base station projects: 750 of these projects were for new sites (including 498 small cells), and 1,188 were for proposals to upgrade existing sites. ACMA confirmed that they received seven complaints in FY19, compared to five in FY18, and one in FY17. Six of the complaint investigations have been concluded and found that Telstra complied with the Communications Alliance Mobile Phone Base Station Deployment Industry Code requirements. One complaint proceeded to a formal investigation which resulted in Telstra being found to be in breach of the Code and issued with a formal warning. The breach related to Telstra not fully following the requirements related to community notification. We rectified the issue and have taken a number of remedial actions to ensure future code compliance.

In FY19 we undertook 2,399 community consultation processes. A small number of communities, including Caringbah (NSW), Blackstone Heights (TAS), Kangaroo Point (Qld), Yeronga (Qld), Huonbrook (NSW) expressed concern through the consultation process. We responded to these concerns through extended community consultation, individual meetings and proactive community engagement.

New 5G mobile technology

We recognise that some people have concerns about EME and our new 5G technology and therefore, we have undertaken extensive EME testing on our new 5G network and published customer information regarding 5G on our website. By invitation we presented our 5G EME testing results to the United Nations International Telecommunications Union and World Health Organization workshop in Geneva in October 2018 and contributed to the production of 5G Explained.

Working safely around antennas

We continue to focus on our processes and education around working safely near radio frequency emitting equipment including promotion of the RadioWorkSafe application and working safely on small cells and 5G base stations.

National and international standards

Telstra continues to contribute to the ongoing development of international EME standards through chairing the International Electrotechnical Commission TC106 committee, which is charged with developing standards for the assessment of EME compliance of mobile devices, base stations and wireless communications systems. This year the IEC published a Technical Report that included 5G base station testing procedures with examples from Telstra's 5G technology.

Within Australia, the revised Mobile Phone Base Station Deployment Code (C564:2018) was registered in December 2018.

Culture and capabilities

The world in which we operate is transforming rapidly. To continue to lead the market we have greatly simplified our structure and ways of working as part of a suite of changes under T22. This has meant substantial change right across the organisation as we take steps to position Telstra for future growth.

Our people are an essential part of successfully delivering T22.

We have been focused on ensuring we have the right culture to deliver on our objectives in line with our values, and the right capabilities to meet the constantly-evolving needs of our customers today and into the future.

This year has been challenging for many at Telstra. It has been a time of change and significant workforce reductions as we create a leaner, more agile organisation. Throughout this, our values have guided us: we have supported those employees who are leaving us and invested in training for those who remain with us, both in new ways of working and new technologies and systems. This investment will ensure out workforce has the capabilities we need to position our business for the future.

Building culture and engagement
Approach

Our culture is critical to building a connected future so everyone can thrive and is underpinned by a strong commitment to our values. For our customers to thrive, we need to enable our people to thrive.

With the challenges of our organisational transformation, opportunities have also come for our people to learn new ways of working and leading. We are simplifying our processes, reducing layers of hierarchy and impediments, and bringing accountability for customer outcomes closer to the front line by empowering our people to make timely decisions.

Progress

Sustainable engagement

Recognising the need to listen to and act on feedback from our people during this time of immense change, we moved from a single, annual Employee Engagement Survey (EES) to a monthly Experience Pulse. This is helping us to respond to feedback more rapidly and at a local team level – we celebrate what is working well and act on opportunities for improvement.

The monthly Experience Pulse and the EES[1] tell us this has been a difficult year for Telstra people. Unsurprisingly, our organisational redesign and the role reductions necessary to achieve this have impacted engagement. Acting on this feedback from our people, we brought forward the announcement of further reductions so that 75 per cent of our major, cross-company restructures were announced by the 30 June 2019, providing greater certainty.

Our people also identified a range of impediments that were getting in the way of working effectively serving our customers and making their jobs harder than they needed to be. Taking into account solutions offered by our people, we implemented a program of work to address these impediments and our monthly experience pulse results indicate we are beginning to make progress in removing these and improving our employees' experience.

Reimagining Telstra

To help our people understand why we need to transform and how we are doing so, we held 46 sessions of our Reimagine Telstra experience in 17 cities around Australia and internationally. More than 21,000 Telstra people took part in these interactive, half-day sessions.

Reimagine gave our people a deeper understanding of T22, how our strategic pillars and enablers fit together, what T22 will deliver for our people and customers, and how we need to work differently.

We will continue to invest in ways to involve our people in our transformation so they are clear on their role, how they can contribute to Telstra's future and how we are progressing against our T22 roadmap and milestones.

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[1]For our annual EES score, please refer to the Performance Table on page 11

Ways of working: Agile at scale

The move to Agile at Telstra means we're fundamentally changing how Telstra runs, how we organise ourselves and what we do.

In FY19 we began introducing Agile methodologies with frontrunner teams, involving more than 400 people in our Consumer and Small Business and Products and Technology functions. Their objective was to help us test, learn and adapt our ways of working approach for the rest of the business. In March 2019 we made the decision to roll out Agile at scale across parts of Telstra from 1 July 2019.

Going Agile at scale does not mean every team will move to full Agile ways of working. While some teams work in full scale Agile, others are using tools from across Agile, Human Centred Design, Lean and DevOps where it makes sense. And other teams won't move to any of the Ways of Working suite but some will need to support teams working in these ways. Importantly, we are all taking a more agile approach to how we plan and manage work across the organisation. Working in Agile at scale allows us to bring together cross-functional teams from across the business to work together from the outset of solving a problem, ensuring the needs of our customers are front and centre in the design and execution of solutions.

At 30 June 2019, we had provided Agile Essentials training to more than 12,000 people, creating a common understanding of Agile across the organisation. Role-specific training started in March and will continue throughout 2019.

Developing our people

We are focused on empowering our people to deliver to better serve our customers. To help them adopt new ways of working and leading, learn new skills and master new tools we invested over $30 million in training and development in FY19.

Upskilling our people for new technology

As we transform we need people with the right technology skills and technical capabilities so that we can leverage emerging technologies and simplify how we deliver products and services.

We have made, and will continue to make, a significant investment transitioning from traditional hardware to a new network infrastructure centred on software-defined networking (SDN) and network function virtualisation (NFV). In FY19, this has included providing almost 2,400 days of training to employees in SDN, Basic and Intermediate Python, DevOps and Continuous Integration Continuous Delivery (CICD), through courses developed in partnership with Box Hill Institute and Juniper.

We will also be developing a SDN micro-credential in partnership with an Australian university. This will allow us to continue building knowledge and skills, as well as providing a globally-recognised credential.

When we announced our T22 strategy we stated that by FY22 we would invest in 1,500 new roles to build new capabilities required for the future, in particular the shift to new engineering capabilities including software engineering and information and cyber-security. As at 30 June 2019, we had hired 683 roles across these areas.

Reskilling our people for new roles

In 2018 we invited Telstra people to express interest in becoming a Ways of Working (WOW) coach.

Our goal was to train 50 people from a range of levels and backgrounds, but all with the skills, passion and growth mindset we needed in our coaches.

From store leaders to product owners, executive assistants, field technicians and even internal audit, we attracted a very diverse group of talented people who were passionate to come and join the team and re-train. After completing a five month program, the first cohort of people are now fully qualified WOW coaches.

Leadership

We're changing how we work and this means we need a different kind of leadership and team organisation.

As a business, we're organising ourselves to become more responsive to change and this involves empowering teams and individuals to serve our customers.

Leadership is no longer about the most senior people having all the answers and directing the work; rather it's about empowering teams and removing blockers for them to facilitate faster decision making.

It's also about prioritising collaboration and focusing on customer outcomes. We're asking everyone to show their leadership – not just formal people leaders. When our people are leading work, teams, growth or thought, they are demonstrating leadership. To help our people understand what is expected, we've clearly articulated the leadership mindsets and skillsets we want to see in our new Leadership Framework. In addition, leadership development experiences have been run to support our people in making this change.

Leadership Capability Framework for Everyone
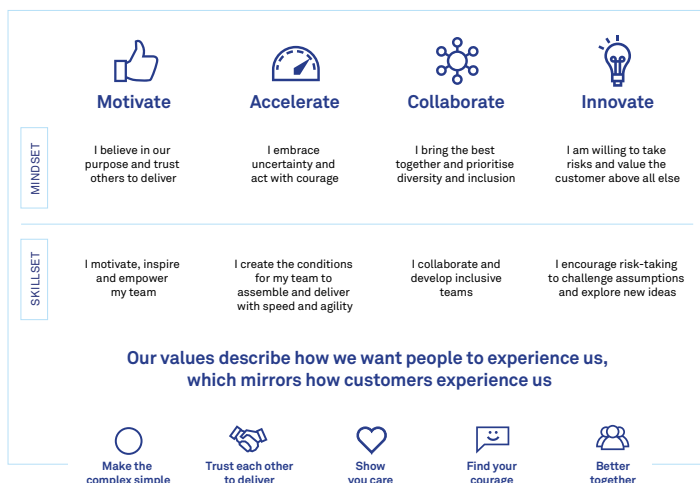
New ways of leading
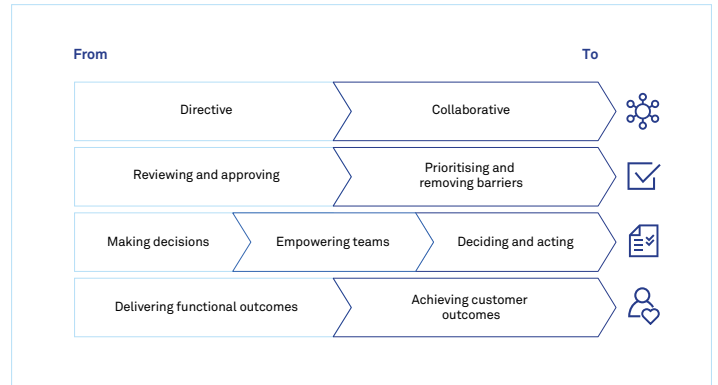
Building a high performance culture

Throughout the year our employees (including executives) set performance objectives with their leader. Along with our customer advocacy, employee engagement, delivery of the T22 strategy and financial results, these objectives form part of our incentive plans and our approach to performance management. The 2019 Remuneration Report, which forms part of the 2019 Annual Report, has further details regarding Senior Executive remuneration.

Our approach to performance encourages our people to have ongoing conversations with their leaders throughout the year about their development priorities, progress and how they can contribute to achieving Telstra's strategy and key priorities. In July 2019 we introduced the Quarterly Business Review (QBR) process, which has allowed us to further align individual and organisational performance objectives to a single, business-wide set of priorities, reviewed on a quarterly basis.

Creating a diverse and inclusive workforce

Approach

We value diversity and inclusion and the benefits they bring to the Telstra Group in achieving our objectives, enhancing our reputation, and attracting, engaging and retaining talented people.

Telstra serves millions of diverse customers. We recognise the value of having diverse employees who represent their unique perspectives. Diversity of thought drives innovation which is essential to achieve our business strategy, and also supports our purpose to build a connected future so everyone can thrive.

As we transform Telstra, we're taking a holistic view of diversity, beyond measuring demographics like gender, age and ethnicity, while continuing to prioritise fairness and opportunity for under-represented employees. Our new strategy will accelerate innovation through diverse thinking in inclusive teams and is built around three foundational streams:

- Diverse perspectives – Ensuring under-represented people are heard and their diverse thinking is valued.

- Inclusive teams – Creating an inclusive culture where everyone can thrive.

- Flexibility and fairness – Flexibility enabled by technology. Fair policies and processes.

More information is available in our 2019 Corporate Governance Statement.

Progress

We are committed to achieving gender equality at Telstra and have a broad range of policies, programs and engagement initiatives in place to help us achieve this goal. This includes a Recruitment Equality Procedure which mandates a minimum female representation of 50 per cent on shortlists and interview lists for all roles (except some specified roles where a 25 per cent requirement applies due to a known significant gender imbalance in the job market).

This year we saw no material change in female representation across Telstra Corporation Limited and its wholly owned subsidiaries. Maintaining our overall female representation of 31% in a year of tremendous change was a relatively positive result, particularly given the growth of technology roles.

To enable our leaders to strive to build and engage diverse teams across our enterprise, in September 2017 we launched a new recruitment procedure to increase our number of Indigenous employees and people living with a disability working at Telstra. Our "interview guarantee" for shortlisted candidates means if any external candidates who identify as being Indigenous or living with disability are shortlisted for a role, they will automatically be interviewed. Our Sustainability Report 2019 Data Pack contains information about our progress against our targets for Indigenous employees, as agreed in our 2018-2021 Reconciliation Action Plan (RAP).

During FY19, we have hired 11 new employees who identify as living with a disability and we continued to participate in the Australian Network on Disability Stepping Into internship program, for university students with disability.

We continued to show our support for LGBTI+ inclusion by supporting events like Wear it Purple Day, International day Against Homophobia, Biphobia and Transphobia and the Midsumma queer arts and entertainment festival.

Spectrum, our LGBTIQ+ employees and allies' network with over 1,800 members, celebrated its 10th birthday in December 2018.

We were awarded Silver in the Australian Workplace Equality Index Awards in May 2019.

We are continuously looking to identify, target and reduce any sizeable gender pay gaps that exist within the organisation.

The overall pay gap remains 7 per cent, consistent with FY18. Similar to last year, a larger pay gap exists at the operational level and is predominantly driven by a significant portion of operational employees being managed against fixed pay rates under our Enterprise Agreement. These fixed pay rates, which are typically in male dominated professions, are notably higher when compared to the pay of peers at the same level not aligned to these pay rates. In aggregate, we do not believe that we pay women and men differently for like roles.

Representation of women in Telstra as at 30 June 2019

Role	Number	Percentage
Board[i]	2	25%
Executive Management	50	29.6%
CEO	0	0%
CEO-1	4	36.4%
CEO-2	16	32.0%
CEO-3	30	27.8%
Middle Management	2,652	27.9%
Operational	5,594	32.9%
Telstra Total	**8,300**	**31.1%**
Telstra Group Total	**8,972**	**31.0%**

Gender pay equity: women's earnings as a percentage of men's earnings in FY19

Level	Comparison
Executive Management[ii]	102%
Middle Management[iii]	97%
Operational[iv]	88%
Overall per cent comparison	93%

The table compares the average salaries across three levels of our Australian based employees, reflecting over 90 per cent of our employee population.

* Includes full time and part time staff in Telstra Corporation Limited and its wholly owned subsidiaries, excluding casuals, contractors and agency staff. It does not include staff in any other controlled entities within the Telstra Group. Ratio calculated as base salary plus superannuation (female FR asper cent of male FR). ** Includes full time, part time and casual staff in controlled entities within the Telstra Group, excluding contractors and agency staff. Information regarding the controlled entities in the Telstra Group can be found on our website Notes: (i) Number and percentage relates to non-executive Directors. (ii) Executive management comprises persons holding roles within Telstra designated as Bands A, B and C. CEO is also included in the executive management total (iii) Middle management comprises persons holding roles within Telstra designated as Bands 1 or 2, or equivalent. (iv) Operational comprises persons holding roles within Telstra designated as Bands 3 or 4, or equivalent.

Promoting health, safety and wellbeing

Approach

Managing safety and supporting the mental health and wellbeing of our people helps create an environment in which they can be their best selves at work and outside of work.

Through our global health, safety, wellbeing and environment (HSWE) management system, we strive to embed the latest HSWE strategies to eliminate or minimise risks and build resilience in times of change. Established HSWE governance forums help manage progress, including through the HSWE Executive Leadership Forum. We report regularly to senior management, the Audit and Risk Committee and the Board.

Progress

Licences, accreditations and compliance

Telstra holds a self-insurance licence under Commonwealth jurisdiction, with direct oversight by the Safety, Rehabilitation and Compensation Commission (SRCC) and Comcare. We are also accredited by the Office of the Federal Safety Commissioner to work on Federal Government building contracts, including the National Broadband Network. Our HSWE management system is certified to Australian Standard AS/NZS4801 and International Standard ISO14001: 2015.

Preventive programs

Supporting our employees to improve their physical and mental wellbeing is a key part of our approach to preventative health and safety. As we transform we've focused on embedding wellbeing and psychological safety into our ways of working, including how we lead and work together as teams, while also helping our people build resilience and manage change.

We continued to implement important preventive health, safety and wellbeing initiatives ranging from the delivery of a new technology platform for HSWE management to significant investment in the replacement of damaged telecommunications pits. We transitioned our operational vehicle fleet to automatic transmission vehicles and maintained the Telstra Good Drivers Program, which proactively rewards safe driving.

Early incident reporting and rehabilitation

Our culture for reporting and providing care continues to improve. Timely reporting allows us to address issues and implement our early intervention model to provide our people the support they need, when they need it. We extended our Injury Assist service model to include psychologist referrals and support for personal injury or illnesses impacting our people's ability to return to, or manage at work. This recognises our health at home and at work are intertwined and can equally impact our ability to be engaged, energised and enabled to work.

Key health and safety performance indicators

TRIFR

Our Total Recordable Injury Frequency Rate (TRIFR) has decreased, positively reflecting our maturing risk control programs and strengthened proactive and early intervention support model which provides employees with immediate access to the care they need to stay at, or return to, work as soon as they are fit to do so.

TRIFR[1]

FY17	8.1
FY18	9.6
FY19	8.5

LTIFR[2]

Our Lost Time Injury Frequency Rate (LTIFR) increased in 2018 primarily because of a greater number of disputed claims. Our new claims management model will see this trend improve as we improve and embed our effective early intervention and strategic case management capability.

2016 calendar year	0.84
2017 calendar year	0.81
2018 calendar year	1.06

[1] TRIFR is the reported number per million hours worked of all work-related injuries or diseases that require medical treatment beyond simple first aid. Currently the metric does not include contractor incidents or incidents internationally, but we continue to review how this may be measured for inclusion in future reporting.

[2] LTIFR measures the reported number of accepted workers' compensation claims per million hours worked for work-related injury or disease that result in one or more days' lost time. Includes full time, part time and casual staff in Telstra Corporation Limited, excluding subsidiaries, contractors and agency staff.

Employment and workplace relations

Approach

We have a large and diverse mix of employees at Telstra, who vary in the work they perform, the hours they work and their employment contracts or instruments. We carefully manage our workforce requirements, in line with our values, paying particular attention to the mix of skills required as the strategic direction of our business evolves.

Progress

Key changes within our workforce

Changes in our workforce in FY19 were predominantly related to the transformation required as a result of our T22 strategy. Over the last 12 months we have introduced a new functional structure and operating model. We have also been changing how we work by removing layers and duplication, hierarchies and siloes, legacy processes and systems. From July this year we also moved to Agile at scale across parts of our business.

In June 2018, we announced that over the course of T22 there would be a net reduction of 8,000 direct roles at the company. By 30 June 2019 we had announced around 75 per cent of those reductions. Over the past year we have also reduced our indirect workforce by 5,804 and we anticipate further reductions in the next two years that together will see the indirect workforce over 25 per cent smaller than in June 2018. The remaining reductions over the next two years will largely be driven by discontinued activities as a result of the end of nbn migrations, decreased contact centre volumes and automated processes.

Our aim is to mitigate the impacts of any structural changes on our people by making all reasonable efforts to appoint affected employees to other suitable roles within Telstra. When this is not possible we provide a comprehensive redeployment and career transition program for employees whose roles are affected by redundancy. Given the scale of the reductions we have been using an initial fund of up to $50 million to assist our people. As part of this we have been providing a transition program with enhanced outplacement support for those leaving us. And we have been providing support to those remaining to upskill and transition to new ways of working in a leaner and more agile organisation. In addition, all employees and their families are provided access to professional support services, funded by Telstra, through our employee assistance program.

As at June 30 2019, Telstra Corporation's total direct workforce was approximately 22,000 people. Telstra Group's total global workforce was nearly 29,800 (full-time equivalent). We employ 4,763 people outside of Australia across 13 countries, equating to 16 per cent of our total workforce.

Engaging with our workforce

We consult with our people before we implement any significant changes to the way we work. We regularly engage with the Community and Public Sector Union (CPSU), the Communications, Electrical and Plumbing Union of Australia (CEPU) and Professionals Australia (APESMA). Our aim is to maintain an open and constructive relationship with the representatives of these unions. This year, we conducted more than 20 formal consultation meetings with unions and Telstra employees.

This included discussions about positive changes to our Parental Leave Policy in Australia to remove the distinction between primary and secondary carers. From 1 July 2019 any parent who is an eligible employee can take 16 weeks' paid parental leave within the first 12 months of their child's birth or adoption.

Employment instruments

In Australia, Telstra has a single Enterprise Agreement in place covering our workforce – the Telstra Enterprise Agreement 2015-2018 (EA). The EA nominally expired on 30 September 2018. However, it continues to operate after this date until replaced by a new EA or terminated by the Fair Work Commission.

In 2018 we commenced negotiations for a replacement Enterprise Agreement with nominated bargaining representatives and the three unions which represent our employees. Approximately 25,000 employees are in scope for enterprise bargaining and had the opportunity to vote on the proposed new Enterprise Agreement in August 2018. While employees voted to reject our initial proposal, we still passed on the first pay increase on offer of 1.5 per cent for FY19 to ensure our people were not disadvantaged whilst bargaining continued.

Negotiations with the relevant unions are continuing and are constructive, although no agreement has yet been reached. We remain committed to negotiating for a simple, fair enterprise agreement which delivers on the needs of our employees as well as our customers and shareholders. Some members of one Telstra union undertook a period of protected industrial action throughout March and April 2019. There were no customer impacts as a result of this action and less than five per cent of employees chose to participate.

Digital futures

Networks

Networks

The digital world is transforming the way we live. We are empowered to learn in new ways, to communicate differently, and take greater control of our health, finances and learning. Our reliable network and technology capabilities keep millions of consumers and businesses connected every day.

We have a long history of investing in the next generation of mobile and fixed network services, expanding coverage and resilience, digitising our systems and processes, and making major improvements to our customers' experience with us. This has enabled Telstra to be a world leader in telecommunications technology. We were the first to launch 5G in Australia and already have 5G coverage in selected areas of 10 cities nationally.

Approach

Every day, our networks connect millions of people. Our customers rely on our networks around the clock and around the world. Having access to a reliable network underpins economic growth and social interaction, and provides opportunities to address societal and environmental challenges. As technology becomes more integrated into daily life, our customers are more dependent than ever before on the breadth, speed and reliability of our networks.

With growth underway in the number and variety of smart devices, online services and digital applications, our network traffic continues to increase. Our mobile footprint stretches out to more than 2.5 million square kilometres, vastly more than any other mobile network in Australia, and coverage extends to 99.5 per cent of the Australian population.

Progress

Investing in our networks

We are committed to making significant investments to build capability for the future and strengthen our network leadership. In addition to routine network investments, we are also building networks that underpin the way our customers will work, learn and play for years to come.

Our Networks for the Future program will transform our networks to support the connected world of the future. Our investment will build improved network resilience, continue telecommunications transformation with 5G, support the Internet of Things (IoT) and move to a world where our network is software-defined and virtualised. Software Defined Networks (SDN) and our Network as a Service (NaaS) platform are both examples of transformations that will enable our partners and customers to better connect with and leverage our network.

Telstra has a long history of investing in regional Australia. Over the last five years, our total mobile network investment has been around $8 billion, of which almost $3 billion has been invested in regional areas. This investment further strengthens Telstra's regional mobile network, which has been a core focus for decades.

Telstra also continues to provide a standard fixed landline service under the Universal Service Obligation (USO), which is provided over a number of technologies in regional Australia some of which are older or can be more susceptible to damage and faults. Under the Customer Service Guarantee, Telstra is obliged to repair telephone service faults within a certain time-frame, depending on where a customer lives. While we

strive to meet the standards required by us there are still some customers who have to wait longer than they should for a service to be restored. This was brought into focus for the government during the Regional Telecommunications Independent Review Committee's report. In March 2019, Telstra announced an expansion of the regional maintenance plan which includes proactive repair of cable joints, migrating customers from less reliable networks using outdated technology to more reliable networks, pro-active replacement of batteries in exchanges and improving stock levels of equipment.

Enhancing network resilience

We understand that being connected to the world around them is vital to the way our customers live and work. We know there are times when our networks experience interruptions and the impact this can have on our consumer, small business and enterprise customers. To limit this source of frustration, we continue to build on our Network Resiliency program focusing on delivering an 'Always-on' continuous connection service and better usage experience for our customers. Continuous improvement of our network remains our priority with an ongoing focus on simplifying the architecture, removing single points of failure, replacing end-of-life infrastructure and increasing redundancy, thus enabling faster recovery times as well as minimising customer impact should an incident occur.

A customer-centric risk-based approach helps us prioritise our network improvement programs, through an integrated risk assessment based on multiple factors, including customer impact. Our targeted investment borne out of this approach has delivered significant risk reduction leading to improved network resiliency and recovery. During FY19 there were in excess of 100 initiatives prioritised as a result of our understanding of the risk they presented to our customers' experience.

5G Innovation

In May 2019 5G became a reality for Australia. With the launch of our first 5G device, the HTC 5G Hub, our customers can now experience the super-fast response times, high-speed data and the lower latency the new technology provides. The launch of 5G will bring advancements in mobile gaming, virtual reality experiences, high definition (HD) video conferencing and other apps not yet imagined. Since the launch of the HTC 5G Hub, Telstra has launched another three 5G devices.

Our investment in bringing 5G to life for Australia is significant. We were first in Australia and one of the first globally to have an operational 5G network. We have started rolling out 5G in 10 cities around Australia. In FY20 we expect our 5G coverage to increase in area almost five-fold and reach into at least 35 Australian cities.

Our investment has positioned both Telstra and Australia front and centre on the international stage for 5G deployment. 5G will be a game changer for a range of applications where speed and quick response times (latency) are important, including 4K video, gaming and other new technologies that require advanced connectivity such as autonomous driving.

Internet of Things

Connecting everyday objects and enabling them to send and receive data is what we mean by the Internet of Things (IoT). By putting real-time information and decision-making power about the world around us in our hands, IoT has the potential to transform the way we live and work.

At Telstra we are already supporting IoT – we connect more than two million IoT devices over our mobile network today and we offer connected lights, cameras and motion sensors on the Telstra Smart Home platform. Sensors are now being deployed in everything from cars to parking meters, aircraft engines to electricity meters, from wheelie bins to tractors and farm equipment.

Underpinning the emergence of IoT will be the capability of networks to connect millions more devices sending small volumes of data at very low power levels on a national scale. We have been investing in delivering this capability by enabling two new IoT technologies in our mobile network – Category M1 (Cat M1) and Narrowband.

These network capabilities are crucial but for IoT to truly take-off in Australia it will require a vibrant IoT ecosystem developing solutions designed for local conditions and solving problems for local businesses. That's why we are investing in IoT in sectors such as agriculture, water, road safety and city planning. We are also supporting start-ups to bring new, innovative IoT ideas to the transport and logistics industry through the Telstra Innovation Challenge.

Making Darwin a Smart City

Switching on Darwin is a local government initiative from the City of Darwin. It aims to improve safety, sustainability, innovation and efficiencies through cutting edge technology.

The $10 million project has been funded through the Commonwealth government's Smart Cities and Suburbs Program, the Northern Territory government, and City of Darwin investments. The program is designed to use smart city technologies to improve city operations and enhance community life.

Taking a holistic view over this project, Telstra worked with a range of partnering businesses to deliver a custom-made solution designed to:

- Improve the safety of the city, particularly at night, through 134 new CCTV cameras and 912 smart street lights

- Increase greening and cooling capabilities in a tropical climate, through microclimate monitoring systems

- Provide wider access to free public internet, allowing the local community and visitors more digital engagement opportunities within the city CBD

- Implement smarter parking technology, to understand usage and better plan for new constructions.

- Utilise data for a better understanding of pedestrian and vehicle movement to help shape the city's future

- Integrate the city data and monitor assets through a smart city platform.

"Importantly for us, Telstra looked to Darwin's local business community as partners in this project. They recognised Darwin's business credibility, and sourced partnerships within our city in order to deliver. Not only are we improving the city's technology capabilities through this project, we're also stimulating our own economy," said Joshua Sattler, General Manager, Innovation, Growth and Development at City of Darwin.

Creation of a standalone infrastructure business unit

On 1 July 2018, we created Telstra InfraCo, a standalone infrastructure business unit within Telstra, to provide greater visibility to the market of the value of this business and create more optionality for the future. Telstra InfraCo controls assets with a book value of around $11 billion and is responsible for key network infrastructure assets such as data centres and exchange buildings, most of our fibre network, the copper and hybrid fibre coaxial (HFC) networks, international subsea cables, exchanges, poles, ducts and pipes.

Establishing Telstra InfraCo as a separate business unit, with its own segment reporting in our financial accounts, allows us to drive greater efficiency in the operation of our key infrastructure assets and provide investors with greater visibility of the value of those assets and the returns they generate.

Telstra InfraCo serves three customer segments, with more than 200 customers in total: Wholesale in Australia, nbn Co, and the broader Telstra organisation.

International investment

Telstra has been investing in enhancing global connectivity and our subsea cable network. Our international investment includes our involvement in a consortium to deploy the brand new high-speed INDIGO cable, which will connect Singapore, Indonesia and Australia as well as our 'Always-on' service, aimed at providing continuous connection on our busiest Asian routes. These represent important developments for Telstra as a key part of our international growth strategy and provide significant benefits to our customers in today's high-speed, connected world.

We continue to invest in our subsea cable network infrastructure, the largest in the Asia Pacific region. This will boost capacity and resiliency, increase our investment in our backhaul network across China, Taiwan, Japan and Korea, and be at forefront of providing connectivity between US and China. We have also built a strong in-country footprint across the region in markets with different languages, cultural norms, climatic conditions and complex access regimes.

By 2022, it's expected that Asian IP traffic will grow by 32 per cent every year, ultimately carrying as much as 5.7 exabytes every day – more than every word ever spoken by human beings.

Everyone connected

The digital economy generates social, cultural and economic benefits for Australians but we know these benefits are not equally shared. Over two and a half million Australians are not online, and many are not able to take full advantage of online services.

Digital inclusion is based on the premise that everyone should be able to make full use of digital technologies and the benefits they bring, whether it be managing health and wellbeing, accessing education and services, organising finances, or simply connecting with family, friends and the world beyond.

We are focused on supporting those in our community most at risk of digital exclusion. This includes people living with disability, older Australians, remote Indigenous communities, those on low incomes, regional communities, and people who are experiencing unemployment or homelessness. Our approach is to integrate digital inclusion into our core business and to partner with government and community organisations to achieve genuine and lasting outcomes.

Digital inclusion
Approach

Digital inclusion means being able to access, afford or have the digital capability to connect and use online technologies effectively. For Telstra, this means keeping people connected, especially when they're doing it tough, ensuring our products, services and information are accessible and easy to use, and building the digital skills and confidence of our vulnerable and diverse customers and communities. We are also investing in the future of regional Australia through our mobile base station network, co-investment arrangements and partnerships.

Together with leading Australian universities and research agencies we produce the Australian Digital Inclusion Index - an information tool to help policy-makers, businesses and community organisations take action on digital exclusion.

We also meet regularly with key consumer organisations in Australia to help ensure our digital inclusion programs meet our diverse communities' needs. This includes regular meetings with the Australian Communications Consumer Action Network, quarterly meetings with the Low Income Measures Assessment Committee, and a bi-annual CEO Consumer Roundtable, which provides a regular forum for peak consumer organisations to meet with our CEO and senior leaders.

Our digital inclusion programs support our target to provide tailored support, products and services to enable 1.5 million people to connect and thrive online by 2020. We regularly review our approach to identify groups most in need, changing technologies and consumer preferences.

Progress

Australian Digital Inclusion Index

Since 2015 we have partnered with RMIT University, the Centre for Social Impact at Swinburne University, and Roy Morgan to produce the Australian Digital Inclusion Index (the Index). The Index provides important insights on the barriers to digital inclusion across three areas - access, affordability and digital ability - and is designed as an information tool to help policy-makers, businesses and community organisations take action on digital exclusion.

The Index is a longitudinal study and shows that over time all digital inclusion in Australia is improving, and that Australians are spending more time, and doing more, online. However it also shows that the gaps between digitally included and excluded Australians are substantial and in some cases widening. Those with low levels of income, education and employment are significantly less digitally included.

The value of the Index lies in the assistance it can provide in targeting and shaping future work. It can help guide future policy and action by improving the evidence base and sharpening our focus. As technology drives further transformations in life and work, digital inclusion will become an increasingly important issue for all of us.

For more information, refer to the Australian Digital Inclusion Index webpage.

We are committed to providing tailored support, products and services to enable 1.5 million people to connect and thrive online by 2020. We are on track to meet our target through a range of digital inclusion activities to enhance customer affordability, accessibility and ability.

> For a detailed breakdown of our community investment performance data, please refer to our Sustainability Report 2019 Data Pack.

Customers in vulnerable circumstances

We partner with more than 2,000 local community organisations across Australia to develop and deliver programs to assist our most vulnerable customers and communities.

Our Access for Everyone programs help people on a low income or facing financial hardship to stay connected. Since its inception in 2002, we have provided benefits to the value of more than $3 billion.

In FY19, Access for Everyone provided concessional benefits totalling $60 million, a reduction of 17 per cent compared to FY18 ($72 million), reflecting the ongoing move by pensioners to newer plans that have higher calling inclusions as standard. Over 765,000 pensioners received a discount in FY19 to the value of $45 million.

Our T22 product simplification strategy is built around four key pillars that position Telstra for the future by making us simpler, more efficient and easier for customers to deal with. This includes explicit consideration of customers in vulnerable circumstances, focusing on four specific areas of vulnerability - economic, disability, non-digital, and safety and security. This work continues as customers gradually take advantage of our new simplified plans and digital services.

This year, we have worked with customer advocates, particularly financial counsellors, to implement a single point of entry for inquiries on behalf of their clients, with more timely resolution of issues raised. This has helped eliminate internal transfers and improved first-time work allocations to the correct team thus improving our resolution timings.

We have partnered with a leading non-profit provider of technology to homelessness and family violence organisations to introduce Telstra Top-ups – a digital version of our pre-paid mobile recharge program available directly through the community agency's case management system.

We continued as a Founding Partner of the Thriving Communities Partnership and this year helped launch a new research report undertaken by Melbourne University's Social Equity Institute into ways to better support decision-making, particularly for consumers with cognitive disabilities.

Crisis support

Telstra provides free access to national crisis lines so that the cost of calling is not a barrier to seeking help from Lifeline, SES, Family Drug Support, Mensline Australia, beyondblue and Suicide Call Back Service. Over 700,000 Telstra-originated calls were made to these crisis lines from fixed, mobile and payphones in FY19.

We provide unmetered data access for those on the Telstra mobile network to the Ask Izzy mobile website, which connects people in need with housing, a meal, money help, family violence support and much more.

With over 2.4 million searches made on Ask Izzy since its launch in early 2016, around 50% come from Telstra's networks.
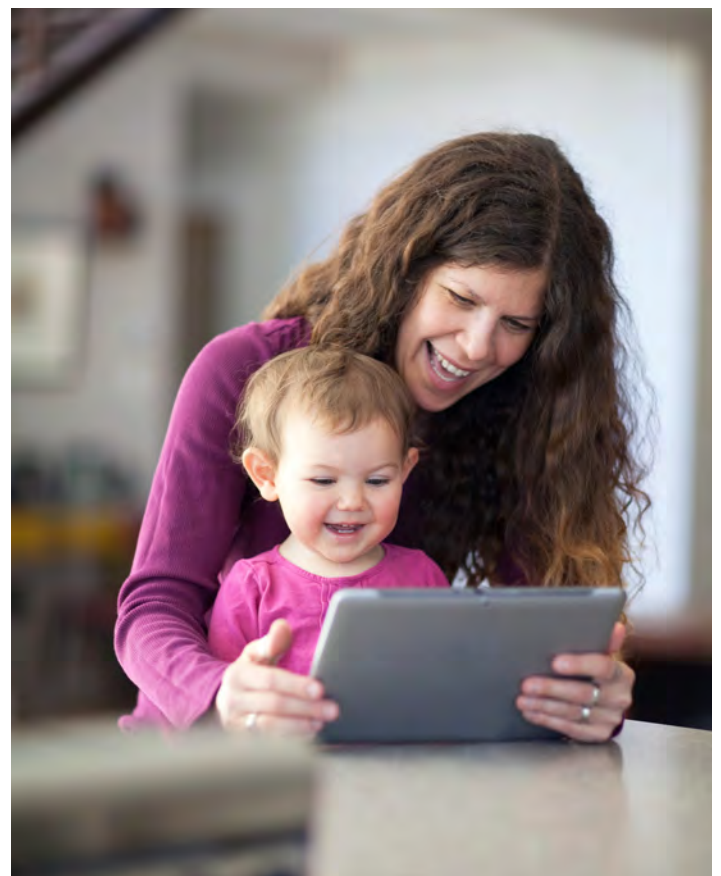
Supporting people living with disability

This year our Disability Enquiry Hotline took more than 16,000 calls and processed more than 3,500 successful applications for products as part of our Disability Equipment Program. We continue to see steady volumes in the provision of TTYs (Tele-Typewriters for customers who are deaf or have speech impairment), supplying 118 in FY19, in comparison to 103 in FY18. Nearly 70,000 calls were made to our Directory Assistance Helpline by over 10,000 customers who are not able to use printed or online telephone directories.

We received four complaints of disability discrimination from the Australian Human Rights Commission or state anti-discrimination bodies in FY19, one of which is still under investigation. This is down from six complaints in FY18. In the final year of our existing Accessibility and Inclusion Plan, we measured progress against three strategic pillars:

1. Improve customer experience – alongside our major competitors, Telstra received a formal warning from ACMA for contravening two clauses of the Telecommunications Consumer Protections Code relating to meeting the needs of consumers with disability. Remediation is taking place via refreshed staff training and resources. Meanwhile, best practice for digital accessibility was embedded into our Brand guidelines (including colours, logos, typography and external emails) and the Telstra Smart Home app underwent a successful audit by consultancy AccessibilityOz.

2. Create a fully inclusive workforce – over 10 per cent of graduates recruited in Australia for FY19 identified as living with a disability, more than 300 employees participated in accessibility and inclusion training, and we employed more than 500 people from Australian Disability Enterprises across six states.

3. Innovate for the future - we continued our work with Transpire in expanding www.appsforall.com.au to promote resources for accessible app development and we supported disability and accessibility organisations and programs through the Telstra Foundation via the Tech4Good Challenge.

Regional and remote communities

Regional investment

Telstra's longstanding commitment to regional Australians is unwavering. We are planning and investing in a digital future that champions the needs of regional and remote communities. Over the last five years up to June 2019, our total mobile network investment was around $8 billion of which almost $3 billion was invested in regional areas.

Under the Communications (Consumer Protection and Service Standards) Act 1999 a Regional Telecommunications Independent Review Committee (RTIRC) is established every three years. The government responded to the Review in March 2019, committing $220 million in new funding to a large-scale, multi-year Stronger Regional Digital Connectivity Package (the Package) to improve broadband and mobile services in areas of high economic, social and public safety significance. The Package includes two further Mobile Black Spot Program rounds ($160 million) and a new broader Regional Connectivity Program ($60 million) to improve participation in the digital economy for regional communities and businesses.

We have established Regional Advisory Councils in New South Wales, Western Australia and Queensland, composed of key regional leaders helping us to identify and address local challenges and opportunities. We have also established partnerships with the National Farmers Federation (NFF) and five state farming organisations. Through our relationship with NFF a series of roundtable consultations were undertaken that led to the Talking 2030 roadmap being released in October 2018. The roadmap outlines five pillars that will help the Australian agriculture sector with its aim to become a $100 billion industry by 2030. This roadmap has become a blueprint for the future of agriculture and forms a foundation for which various organisations and governments can engage to achieve the opportunities available to the sector.

For more information see the Talking 2030 webpage.

Our work in partnership with successive Commonwealth governments to build mobile base stations and small cells under the Mobile Black Spot Program delivered its milestone 550th site in FY19, and we are well on our way towards the more than 780 sites and $280 million total investment we have committed to the Program since its inception in 2015.

Regional engagement

Telstra continues to respond to regional community needs through new service offerings and products. The establishment of the Regional Australia call centre in Adelaide (along with over-flow capacity in Townsville) to handle sales and service queries for customers more than 100 kilometres from a Telstra store has been important to improving regional customer experience. We are also seeing the roll out of next generation extension devices and satellite small cells providing new technology solutions that support improvements in mobile coverage for regional communities.

Connecting a high-speed future for South Australian students

We announced in FY19 that as part of a landmark partnership between Telstra and the South Australian government, we will connect almost every government school in the state to a high-speed fibre optic network. The massive undertaking will see over 500 government schools across the state of South Australia connected to a high-speed fibre optic network capable of speeds of 1Gbps and beyond, improving some schools' internet access speeds by up to a thousand times.

"Fast, reliable internet connectivity is critical in the modern world, and our students will now benefit from this landmark network expansion that will help deliver a world class education system," said South Australia's Premier Steven Marshall.

Telstra Safe Connections

Telstra Safe Connections assists women impacted by domestic violence by providing access to safe and secure communications – a smart phone, $30 pre-paid starter kit and information to help them stay safely connected. Delivered in partnership with Women's Services Network (WESNET), Telstra Safe Connections has distributed 16,714 phones to women since its inception in 2016.

Since 2018 we have piloted a dedicated customer service entry point with trained agents and a 'high care' approach to our Safe Connections customers. We are exploring options to open this service to all customers impacted by domestic violence in FY20.

Older Australians

This year we continued to support Australian seniors through our digital literacy programs, giving older people, particularly those in regional areas, the opportunity to develop the skills and confidence to embrace digital technology.

We partner with state governments to deliver our Tech Savvy Seniors program and provided face-to-face digital literacy training for nearly 17,000 older Australians.

This includes 410 sessions in ten languages that were run for culturally and linguistically diverse seniors in NSW. Our Tech Savvy Seniors Regional Roadshow visited Taree, Halliday's Point, Wingham, Armidale, Uralla, Nimbin, Grafton, Lismore and Tweed Heads in NSW.

Continuing our partnership with the NSW government and CommBank, we translated Tech Savvy Seniors resources on "how to bank online" into eight languages. We also translated the "how to be safe online" module into seven languages and created a suite of resources in Korean and Spanish.

In addition, we launched our Social Seniors program in partnership with the Victorian government. Developed with Swinburne University, it is targeted to seniors with some digital skills and confidence and an interest in extending them further. In FY19, over 200 older Australians received training through our Social Seniors program.

Indigenous communities

In December 2018, we launched our fourth Reconciliation Action Plan (RAP) 2018- 2021 which received the highest rating, 'Elevate', from Reconciliation Australia. As Australia's largest telecommunications company, we have a responsibility and an important role to play as a facilitator for economic development and self-determination for Aboriginal and Torres Strait Islander peoples, no matter where they are across the nation.

Reconciliation Action Plan

Our vision for reconciliation is an inclusive Australia where Aboriginal and Torres Strait Islander peoples are connected and empowered to thrive.

To realise this vision our fourth RAP targets three areas where we can leverage our expertise to achieve the greatest outcomes. This means lifting our commitment to bridging the digital divide, providing employment and opportunities to lift economic participation, and creating a culturally responsive and engaged organisation.

This year we announced a new $28 million co-investment agreement with the Northern Territory government to improve telecommunications services in remote locations targeting transport corridors, tourist destinations and communities. This investment is in addition to our partnership with the Northern Territory government to provide mobile phone and/or broadband services in 18 remote communities across the Territory.

While access to technology and communications is key to addressing digital exclusion, a person's digital ability also plays a role. In FY19 inDigiMOB, our community digital capability program continued to accelerate Indigenous participation in digital society. Delivered in partnership with First Nations Media, inDigiMOB delivers a culturally-appropriate framework and model for transfer of digital skills and cyber-safety awareness, and helps to develop locally-relevant training resources, tools and content with and for the community. This year the program expanded operations from 13 to 20 locations with more than 1,000 new participants benefiting from the program.

In FY18 we also launched the Loans & Phones project in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands in South Australia. Delivered by MoneyMob Talkabout this program provides education and training to increase awareness and comprehension of telecommunications products and services to reduce financial hardship. This program follows the extension of mobile coverage in FY18 to six locations across the APY Lands as part of our involvement in the Commonwealth government's Mobile Black Spot Program.

Deadly Digital Communities

Deadly Digital Communities provides community-based digital literacy and technology training in remote and regional Aboriginal and Torres Strait Islander communities in Queensland. In FY19, the program reached nine communities with more than 330 people gaining new digital skills. This program is an initiative of the State Library of Queensland and Telstra in partnership with Indigenous Knowledge Centres and local councils.

Extending mobile coverage

In FY19 we extended fixed broadband and mobile coverage to the remote Indigenous communities of Yarralin, Kintore and Atitjere in the Northern Territory (NT) as part of our infrastructure co-investment agreement with the Northern Territory government. Mt Liebig also received fixed broadband thanks to the co-investment agreement.

Telstra NATSIAA

The Telstra National Aboriginal & Torres Strait Islander Art Awards (NATSIAA) exhibition captures the attention of the nation and increasingly the globe. Telstra has been a proud supporter of NATSIAA since 1991 and each year NATSIAA sees an increasing variety of art forms and media, collectively demonstrating the richness and diversity of current contemporary Indigenous artistic practice and the pre-eminence of Aboriginal and Torres Strait Islander voices.

Disaster relief and recovery

We know how important our network connectivity is for the community, especially in times of crisis. We work extensively to prepare for severe weather seasons, our priorities being to protect and maintain our infrastructure and to keep our customers connected. In times of declared disaster, we provide telecommunications services such as temporary internet and loan handsets to evacuation centres and set up phone recharging stations.

With parts of Australia impacted by significant drought, including 50 per cent of Queensland and New South Wales, we are making our natural disaster support arrangements available to all Telstra customers affected by drought across the country.

These support arrangements include working with customers in financial hardship to offer longer-term payment options or extensions, reviewing and removing any administrative fees (e.g. for late payment), and reviewing a customer's mobile, fixed line and broadband plans to make sure they are affordable.

All residents in a disaster relief area are provided with free access to our public pay phones and free Wi-Fi data at Telstra Air hotspots, regardless of whether they are a Telstra customer or not. We also offer various services for impacted individuals, such as: free call diversion, reconnecting services at a new address free of charge and providing additional mobile data. During FY19 we provided support to communities facing disaster as a result of the drought in Queensland and New South Wales, fires in Tasmania and floods in Townsville.

Our Community Recovery Vehicles are deployed to arrange customer disaster relief packages, including diverting home and business phones to mobiles and, in some cases, the distribution of free devices with prepaid credit. Depending on our access to affected areas, we also set up temporary Telstra shops to support customers. We also provide emergency response leave for our people who volunteer with emergency services.

Tech for good

In an increasingly dynamic and inter-connected world, technology has an enormous capacity to create social and environmental change. Digital technology is disrupting traditional operating models and helping society to respond to major issues in a more agile and scalable way – from managing the threat of climate change to making healthcare and education more universally accessible.

But while the pace of digital change brings great opportunity, it also brings challenges in terms of online privacy and safety, as well as the impacts of digital exclusion.

We want to build a connected future so everyone can thrive – enhancing access, overcoming barriers and enabling the skills and support to navigate the online world confidently and safely.

Social and environmental innovation
Approach

We believe in the power of technology to deliver innovative solutions to social and environmental challenges. One of the ways we explore these opportunities is through an innovation ecosystem at Telstra that is helping us to address the issues that matter – from reducing carbon emissions, to improving healthcare outcomes, to developing more sustainable farming techniques.

Through the Telstra Foundation, we support non-profits that enable young people to thrive in their connected world. This year we invested in digital learning experiences in schools, public libraries and remote Indigenous communities, as well as inclusive technologies to support people living with disability.

Progress

Nurturing innovation

Telstra is committed to using technology to address emerging challenges facing our customers, government and communities.

Telstra Labs was established to create a dedicated environment where we learn by doing, and can test, trial, experiment and explore. It's a space for collaboration between our teams, our partners, our customers, and Australia's next generation of innovative thinkers.

Telstra Labs is home to Australia's first publicly-accessible Internet of Things (IoT) Lab, designed to build a community around IoT product design. Activities include the Telstra Innovation Challenge, an IoT hackathon that started in 2017. In 2019 the Telstra Innovation Challenge asked participants to use technology to find innovative solutions to issues in the transport and logistics sector.

Telstra Labs also backs muru-D, a startup accelerator that empowers ambitious entrepreneurs to solve challenging global problems using technology. Through financial support, a dedicated working space, education and access to mentors and a global community, founders can scale their business and make a positive impact on the world.

Telstra Labs and Thales Partnership

Telstra Labs is collaborating with Thales, a leader in Aviation systems, to develop the concept of operations for a low-altitude airspace management system. The prototype air traffic control platform that we are developing with Thales, called Low-Altitude Airspace Management (or LAAM), can integrate both manned and unmanned aerial vehicles, and will include features like drone registration, activation, identification and automated drone flight approvals. This will also allow the use of dynamic airspace management in high-traffic areas, where situations might require near-real-time notification to a drone pilot to change an approved mission or land safely, due to airspace being required by first responders.

We demonstrated our prototype at the Avalon Airshow 2019, and we are now working towards a regional trial. We have also showcased the concepts to relevant authorities – Civil Aviation Safety Authority (CASA), Department of Infrastructure, Regional Development and Cities (DIRDC) and Airservices Australia – to inform, learn and improve air traffic management.

Our work with Thales on LAAM, underpinned by continuous investment in and improvement of our networks around the country, indicates that it should be possible for manned flights and UAVs to operate together effectively and safely in our skies.

Creating smarter homes

Voice-control technology has enabled Australians to control appliances, lights, heating and cooling without needing to move around their house or wait for help.

We now offer 17 smart devices to help customers monitor their homes, and control lighting and appliances. Telstra Smart Home devices also help customers to optimise their energy efficiency by enabling them to set a timer for their lights and manage their thermostat remotely through a central app. These devices have great potential to be life changing for people in aged, disability and community care and we are continuing to explore more smart home applications for these sectors.

For more information on Telstra Smart Home technology, please refer to our Smart Homes webpage.

Telstra Foundation

The Telstra Foundation proudly supports non-profits that help young people understand, create and safely engage with technology, and also those that use technology to positively change the lives of young people.

This year we partnered with 22 charity and social enterprise partners, committing $6 million through the Telstra Foundation to support community programs and partnerships. We also facilitated over $1.4 million in charitable donations from Telstra employees and Telstra shareholders. This brings our total investment since FY18 to $12 million and means we are on track to meet our target to invest $18 million over three years in Telstra Foundation-funded initiatives.

Digital Futures Program

Telstra Kids

Telstra is passionate about nurturing the next generation of digital citizens and makers. Through the Telstra Foundation, we invest in grassroots coding, digital making, cyber safety, robotics and entrepreneurial learning initiatives to enable young people to create with – not just consume – digital technology. We work with local communities, libraries and schools across Australia to help young people develop the skills needed for the future of work.

We partnered with Code Club Australia and Indigenous Digital eXcellence (IDX) to strengthen digital making and coding skills, with Young Change Agents to build entrepreneurial design thinking skills and Alannah & Madeline Foundation and PROJECT ROCKIT to support smart and safe digital citizenship.

Digital workshops for remote communities

The partnership between the National Centre of Indigenous Excellence (NCIE) and Telstra Foundation has delivered Indigenous Digital Excellence workshops in more than 22 communities across Australia. The workshops are part of the IDX Flint program.

In June 2019, students from Bwgcolman Community School on Palm Island, QLD took part in IDX Flint, learning how to use Virtual Reality (VR), code a robot, create digital stories and use drones to care for country. The community will also receive up to $10,000 worth of technology of their choice to use in their community-led workshops to drive future participation in digital technology. Principal of Bwgcolman Community School Beresford Domic said IDX Flint has been an exceptional way to connect the students and teachers to innovative digital technology. IDX Manager Grant Cameron said "the community's vision for Palm Island is really exciting and sparking the students' interest in technology now, can lead to employment opportunities in the future."

Tech4Good

Telstra Foundation's Tech4Good Challenge is an incubator program that supports non-profits using digital technology to change the lives of young people at risk of social exclusion. It focuses on partners and projects that improve the health and wellbeing of young people – particularly diverse and vulnerable young people such as those living with disability, at risk of mental illness, living in regional or remote communities, and with Aboriginal and Torres Strait Islander heritage.

In FY19, seventeen charities were supported to scope, research and test new digital ideas, as part of the Tech4Good Challenge and five projects were selected to each receive $450,000 over two years to build and pilot their digital innovation.

Expression Australia has been exploring opportunities through the Tech4Good Challenge to develop an app that will help remove the stigma and improve mainstream community attitudes towards deaf people.

Expression Australia's Youth Engagement Officer, Olivia Beasley was born deaf and uses Auslan (Australian Sign Language) to communicate at home. Like many deaf people, Olivia employs multiple strategies like writing things down and using interpreters to help her overcome communication barriers, but it is rare she meets a member of the general public who can hear that can communicate with her through sign language.

"These experiences ….. got us thinking, what can we do to help embed Auslan into everyday life to improve communication and social interactions between the deaf community and those with hearing?" says Olivia.

The app – with a working title of 'Auslan Anywhere' – will provide key signs, sentences, poetry, stories and even songs in Auslan as well as best practice guidelines for how to address and communicate with people who are deaf or hard or hearing.

"This additional funding and support from the Telstra Foundation will allow the deaf community the opportunity to share our language, Auslan, and culture through technology. The financial and expert support from Telstra and Academy Xi will be invaluable, just as it has been throughout the Tech4Good Challenge process. As a non-profit, it's unlikely that Expression Australia would be able to self-fund a project of this magnitude and we look forward to the impact this will have," says Expression Australia Manager Maxine Buxton.

Keeping safe in a digital world
Approach

Digital technology provides access to a world of information and communication, but it can also leave us exposed to new risks such as cyberbullying, privacy and data security breaches. Through our programs, we work to build the skills and confidence needed to help understand these risks and promote safe and positive digital experiences.

Online safety is more than protecting people from online danger and personal risk. It's also about creating a sense of belonging and standards of behaviour that enable us all to have a positive experience online. At Telstra we want to empower people to participate safely in the online world and provide the infrastructure and support that make this possible.

Progress

Cyber safety in our communities

At Telstra, we are committed to championing cyber safety in our communities. In addition to our digital inclusion programs, we've also funded digital citizenship programs through the Telstra Foundation, such as PROJECT ROCKIT and eSmart Libraries, which promote positive online behaviours for people of all ages and backgrounds, including taking action on cyberbullying and online safety.

We also provide our customers with practical tips and advice on staying safe in the digital world. For example, our SmartPhone Safety Hub provides support for parents who are bringing a smartphone into their child's life. For more information, see our SmartPhone Safety Hub webpage.

We collaborate on cyber safety through our active participation in key industry programs. Telstra has a representative on the Family Online Safety Institute (FOSI) Board, the Office of the eSafety Commissioner's Online Safety Consultative Working Group and is a co-founder of the Technology for Wellbeing Round Table - a thought leadership forum of experts and practitioners that meets quarterly to discuss issues relating to young people and technology, including cyber-safety, mental health and digital skills. We also support the Office of the eSafety Commissioner's Women Influencing Technology Spaces program which uses women's voices to raise awareness of the impacts of cyber abuse.

For more information about our work to combat tech-facilitated abuse, please refer to the Safe Connections section of this report.

Australian libraries are eSmart libraries

The Telstra Foundation and the Alannah & Madeline Foundation launched eSmart Libraries in 2012 – one of the most ambitious cyber safety initiatives undertaken in Australia - to equip libraries, staff and library users with the skills they need for smart, safe and responsible use of digital technology. Backed by an $8 million Telstra Foundation grant, 80 per cent of public libraries are now participating in the free program.

Public libraries are amongst the most heavily used community centres in Australia, connecting with many disadvantaged members of society. More than half of the population are public library members, who make over 110 million visits a year to 1,500 public libraries across Australia. Developed from a holistic and evidence-based approach, eSmart Libraries focuses on ways libraries and communities can develop smart, safe and responsible digital behaviours.

Helping customers stay safe online

Telstra offers its customers a range of ways to stay safe online. Our Telstra Broadband Protect and Telstra Mobile Protect solutions help customers to better protect their families from cyber risks, tailoring connectivity to the needs and maturity of family members and helping bring balance to screen time.

Telstra Broadband Protect helps more than two million customers and their family members to stay safe online via any device connected to their home fixed broadband service. The product blocks around one billion queries to malicious sites and content that may infect devices or steal customers' information every month. This year more than 80 per cent of our home Internet users are protected by Telstra Broadband Protect, a 50 per cent increase from FY17.

Thousands of customers have also added parental controls to their Telstra Broadband Protect service, so that they can block inappropriate content or restrict internet access on devices in the home. Parental Controls blocked around 738 million requests in June 2019 for websites, applications, and other content based on customer configured policies.

Telstra Mobile Protect helps protect families when they're using their mobile devices on the Telstra mobile network, and lets parents restrict mobiles and tablets usage. The service offers customers family-friendly web-blocking features and allows parents to protect their children from un-wanted calls and SMS messages. The service is available to post-paid Telstra customers at no extra cost.

Environmental solutions

Climate change and energy

Our efforts to innovate and leverage technology are helping our business, our customers and our communities to respond to climate change. Technology is an essential enabler of low-carbon economic growth, and our investment in technological innovation is helping us to prepare for a more energy-focused, climate-conscious future.

While advances in digital technologies have the potential to mitigate our contribution to climate change, we must also ensure our infrastructure is resilient to impacts associated with climate change. As Australia's leading telecommunications and technology provider, we facilitate many millions of calls and data connections across our network each day. Given the breadth and complexity of our underlying infrastructure, we expect our physical exposure to climate related risk will increase in line with the frequency and intensity of extreme weather events.

Our Environment Strategy

Our Environment Strategy, is focused on embracing innovation and technology to help address environmental challenges.

The strategy goes beyond simply managing our own environmental footprint and encourages innovation in digital products and services that create environmental solutions to monitor, protect and improve the environment.

The strategy has five pillars, supported by goals, commitments and targets to 2020:

- **Managing carbon emissions** - continue to invest in energy efficiency and increase our support of Australia's renewable energy sector
- **Climate change resilience** - embed climate change resilience actions into infrastructure planning, investment and operation
- **Low-carbon economic growth** - use our technology to help address environmental challenges and help our customers reduce their greenhouse gas (GHG) emissions
- **Resource efficiency** – reduce waste to landfill by embedding sustainable design practices, increasing reuse and recycling and making our packaging more sustainable
- **Environmental management** – extend best practice environmental management across our global company.

For more information on how we are bringing this strategy to life, and our specific performance targets, please visit our environment website. For more information on low-carbon economic growth please refer to the social and environmental innovation chapter of this report.

Energy and emissions

Approach

Our Environment Strategy commits us to mitigating our climate change impacts and helping our customers and communities to do the same. Our efforts to improve energy and emissions performance covers our operations and broader value chain.

Energy efficiency and climate resilience are also factored into our Networks for the Future program. We are considering future climate forecasts, as well as energy efficiency requirements, when making decisions on asset location, design and network equipment. While we anticipate a modest increase in our GHG emissions as we maintain our existing network during the Networks for the Future roll out, we aim to continue reducing our emissions intensity over the longer term.

This year we continued to support the Australian renewable energy market with two projects where we have Power Purchase Agreements (PPAs) commencing generation. When fully operational, their production will be around one quarter of Telstra's annual energy consumption. This allows Telstra to reduce and stabilise its energy costs, whilst meeting federal Government targets for large scale renewable energy. We continue to look to invest in renewables through developing additional PPAs.
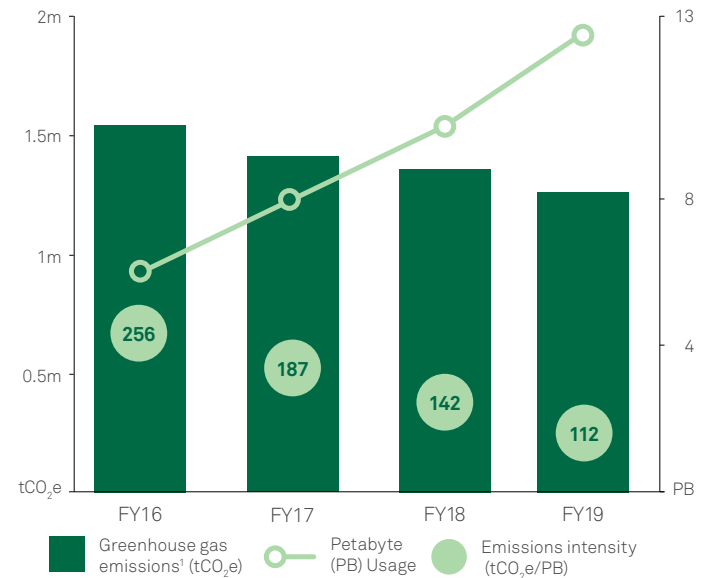
Progress
Managing our energy and emissions

We have committed to reducing our GHG emissions intensity[1] (tCO_2e per petabyte) by 50 per cent by 2020, from a baseline year of FY17. From our base year, we reduced our emissions intensity by 40 per cent, meaning we are on track to achieve our 2020 target.
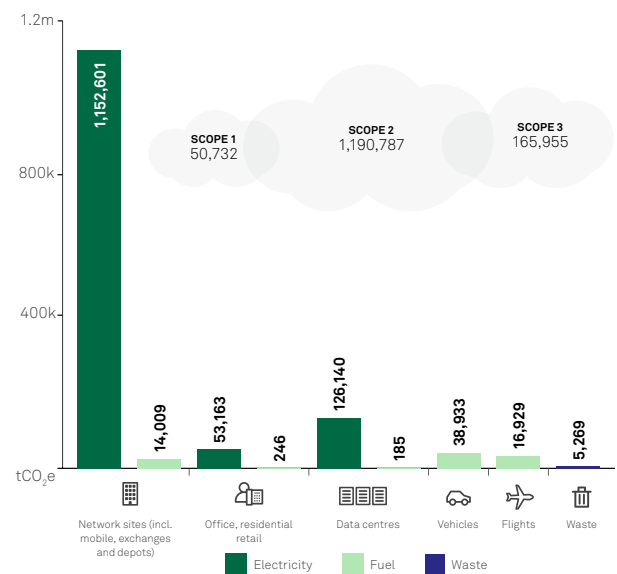
Customer data use continues to grow, however, the rate of growth is slowing. This is primarily due to no new major advancements in technology-driven data consumption (e.g. on-demand streaming).

Overall our emissions have decreased by 2.6 per cent from last year. Drivers of our emissions intensity performance include the increased transition of operational control of infrastructure to nbn co throughout the year, a reduction in our electricity consumption from energy savings derived from project initiatives (energy efficiency and decommissioning), changes to state-based emission factors for electricity published by the Australian Government as well as a reduction in transport fuel consumption.

Greenhouse gas emissions, petabyte usage and emissions intensity[1]

Legend:
- Greenhouse gas emissions[1] (tCO_2e)
- Petabyte (PB) Usage
- Emissions intensity (tCO_2e/PB)

FY19 greenhouse gas emissions (scope 1, 2 and 3) by category (tCO_2e)

SCOPE 1: 50,732
SCOPE 2: 1,190,787
SCOPE 3: 165,955

Categories: Network sites (incl. mobile, exchanges and depots) 1,152,601 / 14,009; Office, residential retail 53,163 / 246; Data centres 126,140 / 185; Vehicles 38,933; Flights 16,929; Waste 5,269

Legend: Electricity · Fuel · Waste

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[1] GHG emissions are calculated using the latest emission factors at the time of reporting. Our emissions intensity target includes scope 1,2 and the following scope 3 emissions; waste, air travel, electricity transmission losses and fuel extraction and refining.

[2] Emissions intensity information has previously been reported on a terabyte (TB) basis. From FY18 it is presented on a per petabyte (PB) basis to reflect our new 2020 target.

[3] We have re-stated our FY18 total GHG emissions due to the identification of additional contractor fuel data from a review of our operational boundary. This increased our scope 1 and 3 GHG emissions by 5,352 tCO_2e (9.2% change in scope 1, 0.1% change in scope 3 and 0.4% change in total GHG emissions from previously reported).

Energy efficiency

Electricity consumption accounts for around 95 per cent of our total GHG emissions (scope 1, 2 and 3). We strive to reduce energy consumption across every aspect of our business through a careful program of planning, equipment monitoring and energy productivity optimisation.

Our network sites, including exchanges and data centres, are our largest consumers of electricity. This year, we continued to enhance the efficiency of these sites, installing new lighting and air-conditioning controls, retiring inefficient cooling systems, improving our approach to fault detection and repair, and optimising facility design.

Since 2011 we have invested $61.2 million in improving the energy efficiency of our facilities. This year we invested $4.7 million in energy reduction projects that delivered a collective saving of 13,747 tCO$_2$e and more than 13,500 MWh of electricity per annum.

We continue to deploy and use smart electricity meters to improve our measurement capabilities and help us identify consumption patterns. We are also using Internet of Things (IoT) power monitoring systems to better understand where energy is used in our facilities, rapidly identify issues that adversely impact energy efficiency or are not compliant with Telstra's operational standards, and to validate energy reduction initiatives.

This year, as part of our network facility energy reduction program, we have been implementing a new LED based lighting system at our network sites which consumes less energy and provides lighting levels that are double the existing system, leading to brighter and safer working environments for our technicians.

We have also focused on optimising our top 10 network energy usage sites by conducting site energy audits. A range of activities to enhance heating, ventilation and cooling (HVAC) efficiency including improved economy cycle, chilled water and fan control strategies will be implemented throughout FY20.

FY19 energy reduction initiatives (MWh)

Initiative	Description	Annual savings
HVAC optimisation	We conduct physical inspections of our network sites to identify faults affecting power consumption and review equipment performance to identify optimisation opportunities.	7,563
Building services energy efficiency upgrades	Our capital works program includes the installation of fresh air cooling systems, high efficiency chillers, electronically commutated fans and lighting upgrades.	5,587
Upgrading rectifiers	Rectifiers convert electricity from AC mains power to DC power, which is required to run our telecommunications equipment. We continue to upgrade older inefficient units to more modern, high efficiency rectifiers. These are now achieving efficiency levels of 96 – 98 per cent.	399
Total		**13,549**

We also depower and decommission redundant network infrastructure to save energy and re-use, or recycle components where practicable. This year we completed 1,282 projects which delivered a saving of 18,059 MWh per annum.

For more information on how we recycle our infrastructure components, see the environment and resource efficiency section of this report.

Managing our transport emissions

Our GHG emissions from our operational fleet reduced by thirteen per cent this year primarily as a result of reduced kilometres travelled by our fleet. We also continue to transition to more fuel-efficient vehicles, progressively removing large six cylinder wagons from our fleet and replacing them with four cylinder models.

Renewable energy

This year, two of the projects where we have entered into power purchasing agreements (PPAs) have commenced generation. The Emerald Solar Park in Queensland commenced generation in September 2018 and reached full commercial operations in February 2019 with a generation capacity of 70MW.

Telstra is one of six offtake partners in the Murra Warra Wind Farm near Horsham in western Victoria. The farm commenced initial generation in March 2019 and once complete will have a generation capacity of 226MW. We continue to look for ways to use our expertise in this area to help more of Australia's businesses and organisations meet their energy and sustainability challenges.

We continue to advocate for, develop and share our experience in PPAs for renewables, leading discussions as Gold Sponsor of the 2019 Australasian Emissions Reduction Summit in Melbourne this year.

Calculating customer benefits of cloud computing

The cloud is transforming ICT. Simple to procure and manage, it's helping businesses realise the cost and efficiency gains that come from moving their data and workloads fully off their own premises. The cloud also offers businesses the ability to innovate and move fast for competitive advantage, right source applications and manage security. However, when planning a move to the cloud, businesses often struggle to quantify the benefits.

To help customers to understand and reduce their greenhouse gas emissions through the use of cloud technology, Telstra created a Cloud Calculator Tool which helps businesses calculate the potential cost, energy and carbon savings they can achieve
by moving on-premises IT to the cloud. This tool supports existing research called Connecting With The Cloud – A Low-Carbon Future Is Ahead which focuses on the potential of cloud to drive operational and cost efficiencies, while cutting carbon emissions.

Telstra achieves an A rating on the CDP Climate A List

The CDP (formerly Carbon Disclosure Project) is a global disclosure framework for investors, companies, cities, states and regions to manage and assess their environmental impacts. CDP's network of investors and purchasers represent almost $US100 trillion in assets.

This year Telstra has been recognised as one of three Australian companies to receive an A rating on the CDP's 2018 Climate A List. The CDP 2018 Climate A list comprises 139 companies from around the world that have been identified as leading in their efforts and actions to address climate change.

Our commitment to transparency

We calculate our GHG emissions in accordance with the Greenhouse Gas Protocol of the World Business Council for Sustainable Development and World Resources Institute as well as the Australian National Greenhouse and Energy Reporting (Measurement) Determination 2008 (as amended). Our GHG emissions data includes relevant Australian subsidiaries, joint ventures and partnerships as set out in the National Greenhouse and Energy Reporting Act 2007.

For a detailed breakdown of our environmental performance data, please refer to our Sustainability Report 2019 Data Pack.

Since 2003 we have also disclosed our GHG emissions and climate change risks annually through our questionnaire response to the CDP. Our submissions are available online.

To ensure stakeholders' confidence in our environmental management and performance, we engaged Ernst & Young (EY) to provide limited assurance over a selection of our FY19 environmental performance data. For an overview of the metrics included in the assurance please refer to EY's assurance statement.

Climate change

Approach

With more than 25,000 physical assets around the world, we understand our exposure to climate change impacts will increase and have identified business resilience as one of our material risks. We are working to anticipate and reduce the impact of future climate-related disruptions as part of our current program of work to upgrade and expand our networks.

Beyond managing our own operations, we are also aware of the critical role that ICT can play in helping our customers and communities move towards a low-carbon future. Our Climate Change Position Statement acknowledges climate change as both a business risk and opportunity and therefore, our response is focused on addressing both the risks and opportunities it presents.

Our response to climate change is focused on:

- **Minimising our emissions** – identifying opportunities to improve the energy efficiency of our networks and the use of renewable energy sources

- **Building resilience** – assessing climate risk and developing management approaches for our own operations, and to support customers in extreme weather events

- **Enabling low-carbon economic growth** – making energy efficient technology more accessible across our networks.

Progress

Climate change governance

Maintaining clear oversight of our climate-related risks and opportunities is one of our sustainability governance priorities. The Chief Sustainability Office is responsible for implementing Telstra's Environment Strategy; and provides bi-annual updates to the Telstra Board on progress against targets and objectives. Our Health, Safety Wellbeing, Environment and Protective Security (HSWE&PS) Team is responsible for setting the management framework, providing analysis and insights and supporting operational teams to effectively and responsibly manage environmental risks, including GHG emissions performance and climate-related risks. We provide updates to the Audit and Risk Committee on a biannual basis.

Building resilience

We continue to further enhance our understanding and management of the risks and opportunities associated with climate change. In FY16, we completed a physical climate change risk assessment to understand the influence of climate change on our physical operations across different time horizons. This identified a number of priority risks including higher temperatures leading to higher energy costs, flood damage and potential for more frequent and prolonged network outages due to extreme events.

In response, in FY17 we developed an Adaptation Framework to improve how we manage our climate and extreme weather risks. The framework outlines how we can use existing processes and systems most effectively and efficiently to manage climate-related risks, including how we integrate these considerations into future decision-making. In FY18, we completed a scoping assessment to identify our priority areas for embedding resilience planning in our business operations and future decision-making processes. This year, we have looked beyond our physical risks to identify broader transitional risks as we continue to build on our business resilience in the transition towards a low-carbon economy.

Industry associations and the valuable role they play

Over the last 12 months there has been increasing stakeholder and community interest in the role of industry associations, particularly their contributions to public policy development and the setting of industry regulations and standards.

Telstra maintains memberships with a number of industry and broader business associations that we believe provide value to our business, industry and the wider economy. We have developed a set of principles to guide and inform how we engage with industry associations, which can be found on our website.

We recognise there is community interest in the role of industry associations in relation to policy advocacy on climate change.

In line with our positioning and principles, we have commenced an alignment review of our key industry memberships in relation to climate change. The basis for this review – which we will complete in 2019 – will be our Climate Change Position Statement.

Where our review identifies material differences between Telstra's position on climate change policy and the advocacy positions of our industry associations, we will engage directly with them.

We will provide an update on the outcomes of this process in future disclosures.

Environment and resource efficiency

E-waste is one of the fastest growing types of waste in the world. For example, there are now around 25 million unused mobile phones sitting on shelves or in drawers across Australia. As Australia's leading telecommunications and technology company, we have a responsibility to improve our resource efficiency and help our customers and suppliers minimise their environmental impacts.

We continue to implement opportunities to reduce resources and support the reuse or recycling of electronic products. Resource efficiency creates opportunity, including innovative products with enhanced sustainability credentials, new revenue streams from reused materials, and cost savings from reduced packaging materials.

We advocate for better product stewardship across our industry and offer programs, such as Telstra eCycle device take back, to help our customers improve their environmental performance. We also work to ensure we comply with our environmental obligations, monitoring and managing the increasing complexity of our environmental risks.

Product stewardship
Approach

We rely on large volumes of electronic equipment to operate our network. The rapid evolution of technology requires us to continuously upgrade our network and has also led to increased customer demand for the latest devices, further increasing the amount of equipment becoming e-waste. Responsible e-waste management has become one of our most significant product stewardship issues.

We are committed to improving the circular economy of electronic equipment. We contribute to sector-wide initiatives and seek to improve our own practices through effective product design and reuse and repurposing. Our employees share this journey with us. They contribute directly to our recycling campaigns and are advocates for effective stewardship in our workplaces, businesses and communities.

We aim to protect the environment by cultivating a strong risk management culture and maintaining effective systems and processes. We monitor and assess our compliance to ensure we meet the requirements of industry regulation and expectations of our stakeholders.

For a detailed breakdown of our resource consumption, please refer to our Sustainability Report 2019 Data Pack.

Progress
E-waste

Working together – MobileMuster

As a founding member of MobileMuster – Australia's only voluntary, government-accredited mobile phone recycling scheme - we have supported responsible electronics recycling programs for 20 years.

In FY19 we collected 15.5 tonnes of mobile phones and accessories, which puts us at 39.2 tonnes against our three-year target to reuse or recycle 60 tonnes of mobile phones and accessories by the end of FY20. This year there was a decline in the volume of mobiles collected, primarily a result of both Telstra and our customers increasing the life of old devices, largely through repurposing old devices (e.g. selling them for re-use). Refer to the section below on extending the life of smartphones to understand how we are increasing re-use of devices.

Mobile phone reused and recycled (tonnes)

FY17	FY18	FY19
19.9	23.7	15.5
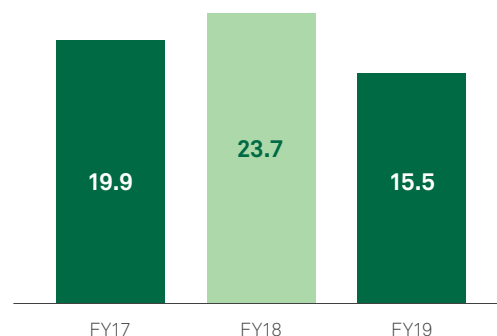
In total, we collected 2,986 tonnes of e-waste, with a recycling rate of 99.97 per cent. The total volume of e-waste collected has decreased by 23 per cent compared to FY18 due to a reduction in battery replacements.

Total e-waste collected (tonnes)

FY17	FY18	FY19
4,353	3,871	2,986
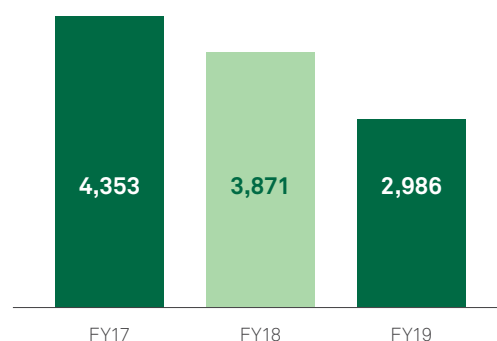
As Australia makes the switch from the copper cable network to the nbn network, we are seeking ways to responsibly and cost-effectively recycle our recovered cable e-waste. This year we recovered 275 tonnes of copper mains cable for local recycling.

Working with our value chain

Our Electronics Reuse and Recycling Strategy, Unlocking Hidden Value, aims to systematically manage and reduce our e-waste impact across our value chain. Our efforts include offering employees and customers convenient collection options for mobile handsets and accessories.

We continue to work with our panel of pre-qualified e-waste recycling vendors that meet Australian Standards for the responsible management, storage, handling, and disposal of e-waste. Pre-qualification streamlines our procurement process and bolsters our ability to responsibly and securely reuse and recycle this resource.

Telstra eCycle is our collection and recycling program for eligible, unwanted electronic goods. In our retail stores, this service leverages the MobileMuster collection network to provide customers with the option to responsibly and safely recycle their mobile phones and accessories.

Extending the life of smartphones

We are working across the business to increase the lifetime of phones, reducing our environmental impact by avoiding the need to produce new phones. Some examples of our programs include:

- At the end of life, we collect used or obsolete devices, wipe them and assess their likelihood of being resold through an approved third party provider. This year more than 70,000 customer devices were repurposed through this method.

- We work closely with Original Equipment Manufactures (OEMs) and have created a device refurbishment program where our OEMS use the devices returned by our customers to make and supply OEM guaranteed warranty replacement stock. This stock can then be utilised by us to manage customer replacement devices in instances of warranty or fault. This year we have contributed 44,143 devices to OEMs for refurbishment.

- Our Telstra Device Care app runs diagnostic checks to help identify any issues with a device and resolves them automatically if possible. As a result, over the last two years we have reduced the number of devices returned through our warranty swap program by more than 60,000.

- Internally, our Regener8 program collects and repurposes unused phones from across the business for internal purposes. Since launching in FY17, we have repurposed more than 3,800 devices.

Re-using customer equipment

When we upgrade our business and enterprise customers' equipment we collect redundant equipment for reuse, repurposing, recycling or sale. This year we worked with 391 Enterprise customers to collect and re-use 2,013 devices. We completed a project with Australia Post and social enterprise, PonyUp for Good, to collect more than 1,000 desktop phones (1.1 tonnes) from Australia Post and found channels for reuse for 92 per cent of the equipment (by weight). PonyUp donates 50 per cent of the profits from the remarketing of redundant equipment to Australia's largest fresh food rescue charity, SecondBite. This project contributed 3,716 meals for vulnerable Australians.

Operational waste

This year, our operational waste volumes decreased by 19 per cent. Our operational recycling rate increased by 24 per cent. However, compared to our baseline year of 2017, our recycling rate has decreased which means we have some work to do to reach our target of 42 per cent by 2020. The drop in recycling rate is primarily a result of changes to our network upgrade activities, resulting in reduced cardboard packaging from new equipment entering the waste stream and being recycled. Waste audits conducted during FY19 also identified an increase in contamination of recycling (resulting in it not being able to be recycled and going to landfill) as well as an increase in potentially recyclable material being placed in general waste bins. We recognise there is more we can do to improve our recycling rate and are implementing a range of initiatives including centralising accountability for recycling, providing additional recycling bins and employee education to try to improve the recycling rate.

Operational waste (tonnes) and recycling rate (per cent)
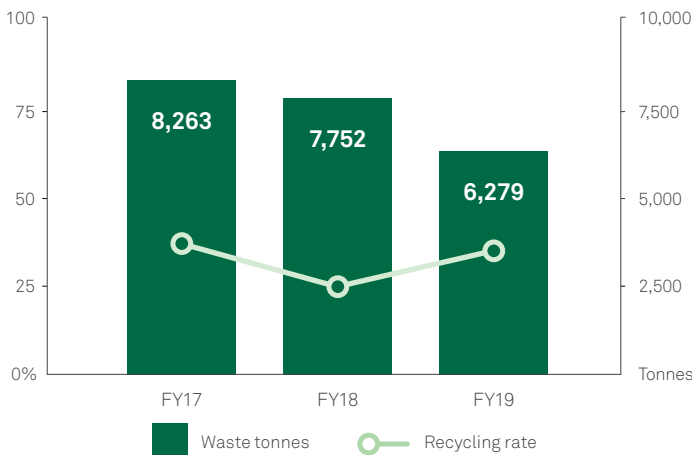
Packaging materials efficiency initiatives

We continue to look for opportunities to improve our packaging materials efficiency. This year we:

- Removed the welcome letters from customer orders, which reduced paper use by 2.4 million pages

- Moved to 100 per cent recycled cardboard packaging for all our Telstra branded pre-paid devices and 90 per cent recycled cardboard for all our SIM kit packaging and sleeves, saving virgin fibre and conserving energy

- For our Telstra TV3, we reduced the physical size of the device, which reduced the volume of plastic as well as the volume of cardboard required for retail packaging. We have also been able to remove many of the protective plastic packaging parts used during manufacturing and have optimised our shipping container stacking. This enabled us to increase the density of packing, reducing both costs and the environmental impact of shipping and distribution.

Environmental risk and compliance

Approach

The nature, scale and geographical spread of our activities bring inherent environmental challenges. Protecting the environment is one of our key priorities and our environmental management system is certified to the International Standard ISO14001:2015. The minimum performance expectations for managing our most important environmental issues are defined by our Global Health, Safety, Wellbeing and Environment (HSWE) Management System, including for:

- Climate change
- Resource use – including resource efficiency and responsible lifecycle management
- Pollution – including to land, water, air or other receptors
- Waste management
- Land stewardship - including biodiversity, heritage, land access and land management
- Hazardous chemical management

Telstra's Executive Leadership Team maintains governance over our environmental compliance activities, so that our key environmental compliance risks and controls are understood and promoted across the organisation. We work through our key environmental risks and develop cross-company solutions through an Environmental Steering Committee, reporting to our HSWE Executive Leadership Forum. We also provide regular updates on key environmental risk management and compliance activities to the Audit and Risk Committee of the Board.

For more information on our approach to mobile phones, base stations and health (EME), please refer to the Responsible business section of this report.

Progress

Telstra, as a minimum, seeks to be compliant with all operationally relevant and applicable environmental laws. We have not been prosecuted for, or convicted of, any significant breaches of environmental regulation during the financial year and we have not had any material incidents.

Each year we conduct an enterprise-wide review of our environment program and plan improvement initiatives for the coming period. This year, we strengthened our existing environmental compliance program to better integrate into existing business practices and streamline accountability for environmental compliance into our standard way of working globally. We are also continuing to deliver training and improve our systems of work in response to current and emerging environmental requirements. This includes improving the way we access land and consult with residents before conducting telecommunications works.

For more information about our sustainability approach and performance, as well as access to our Sustainability Report 2019 Data Pack and additional downloads, please visit our sustainability reporting website.

For further enquiries, email us at
sustainability@team.telstra.com